

# The Incorporated Accountants' Journal

**The Official Organ of  
The Society of Incorporated Accountants and Auditors**

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## Professional Notes.

LAST month the atmosphere of both social and business life was clouded over by the death of King George. He held a unique place in the hearts of the people not only in this country but also in the Overseas Dominions and even in foreign lands. His warm heart and wide sympathies enabled him to enter into the joys and sorrows of all his subjects and his qualities of courage and devotion to duty were revealed in times of crises and particularly during the stress and strain of the War. It would be difficult to point to any ruler who combined in his person so many of the finest characteristics of our race. The sympathy of all classes has gone out to the Royal Family, and particularly to the Queen,

whose fortitude, devotion and sympathy have been so often and so conspicuously shown.

Now the eyes of the nation and of the Empire are fixed on King Edward VIII, and there is the fullest confidence that, with his wide knowledge of the world and its affairs, he will prove a worthy successor to his father. No British King has ever entered upon his high office with greater first-hand knowledge of the Empire with all its diversities of race, colour, and custom. He has great responsibilities resting upon him and none greater than to tread in the footsteps of King George V.

The Council of the Law Society have taken the opinion of counsel with regard to the distribution of moneys standing to the credit of the "Client Account" of a solicitor who has died insolvent. The opinion is that the moneys standing in the client account are trust moneys, and, as such, are not available for distribution among the general body of creditors other than clients of the solicitor on whose behalf the money is held, unless the credit balance is in excess of the total sum payable to the clients. Counsel is of opinion that the Solicitors Act, 1933, does not effect any great alteration in the law in this connection except that, as between the clients and the unsecured creditors, it will dispense with the necessity of actually tracing the trust moneys into a particular account.

Where, however, the fund is insufficient to discharge the whole of the claims of the clients, then as between them the rule in *Clayton's case* must be applied, which means that their claims do not abate *pari passu*, but the sum standing to the credit of the account at the date of the failure is deemed to represent the money belonging to the *cestui que trust* last paid in. His claim is

satisfied in full and so on up the list until the fund is exhausted.

The Gilbart Lectures on Banking were delivered by Mr. C. T. Le Quesne, K.C., last month. Amongst the subjects discussed was the distinction between "revocable" and "confirmed or irrevocable" credits given by bankers in respect of goods passing between seller and buyer, and in particular the liabilities and obligations of bankers in relation to these different classes of credit. A "revocable" credit, he said, was subject to cancellation by the banker, usually without notice, but an "irrevocable" or "confirmed" credit could only be cancelled by consent. He gave reasons for his view that the terms "irrevocable" and "confirmed" are in fact synonymous, although they are sometimes both used in relation to the same transaction. In other words, anyone speaking of a "confirmed, irrevocable credit" is saying the same thing twice over.

He also referred to the question of ambiguity in protective clauses in Bills of Lading, and said that if a shipowner relied on a protective clause the clause must be stated in plain terms, by which he meant terms sufficiently plain for the shipper to understand. The Courts were not inclined to treat protective clauses as excusing anyone the consequence of the negligence of himself or his servants unless the clause was quite plain. Summing up the position, he said: "If you are going to have a protective clause let it be comprehensive without being too vague, and do not let it cease to be plain by becoming comprehensive; and if ever you have tried to draft a protective clause so as to satisfy that ideal standard you will have discovered the difficulties of the task."

The question of the rating of empty properties has attracted a good deal of attention of late, and a discussion on the subject held at a meeting of the Chartered Surveyors' Institution last month brought out some of the points for and against the proposal. It was stated that the proposals of the London County Council in the Bill which had been submitted to Parliament were based on the view that empty property should bear a share of the cost of local services which had to be provided whether the property was empty or not, such as fire brigade, lighting, drainage, police, and opening of roadway access to property. On the other hand, it was urged that if the proposals of the Bill were passed there would be a rush to let unoccupied property, with the result that incomes would be lowered

and adjacent properties would diminish in value; also that the proposal, if adopted, would break up the existing system of rating, which was that rates were a charge on the occupier and had nothing to do with the owner, and that the proposal was, in fact, an attack on capital and would adversely affect building societies and a large number of trustees. Another argument was that if any alteration were to be made it should be done under general law and not by a private Bill.

The rating of empty properties was also discussed at a meeting of the National Federation of Property Owners and Ratepayers, when a reply was given to the argument that properties were being held up by owners in order to get increased rent. It was pointed out that there was a considerable amount of property, such as old houses, which was practically unlettable and in the distressed areas there were disused factories, mines and other unoccupied properties, all of which would become liable to assessment under the new proposal. It was also contended that the effect would be to destroy the value of mortgages and depreciate the rateable value of all property.

A new regulation of the London Stock Exchange provides that in future the name of the London broker must appear on any prospectus or offer for sale of an issue which is to be dealt in on the Stock Exchange. Hitherto this stipulation has applied exclusively to issues introduced by means of a "statement for information only." The new rule, which is not to apply to issues of foreign governments or foreign municipal authorities, has been favourably received by members of the Stock Exchange.

In America a great deal of attention is being drawn to the desirability of what is termed "the natural business year," in other words the year ending on the date which is most convenient for the particular concern as distinct from the year ending at December 31st. It appears that in America as well as here there is an idea that December 31st is the proper date on which to close the accounts. An organisation known as "The Natural Business Year Council" has been formed, consisting partly of professional accountants and partly of representatives of trade organisations, and a nation-wide campaign is being organised which, it is hoped, will impress upon business men generally that adherence to anything but the natural business year is expensive, unsatisfactory and injurious to all concerned.

Professional accountants would naturally welcome a change in this direction, as it would help to distribute their work more evenly over the whole year, thus avoiding excessive pressure at certain times and tending to greater efficiency, but that is not the real argument for the change. The saving to business men themselves would be substantial. It is an expensive process to deal with stocktaking at a busy season when the staff is fully occupied, additional assistance having often to be obtained. By deferring the closing of the accounts until a date when the trading stock is at its lowest and business less active, the work could be carried out at less expense and with far greater probability of accuracy.

The question whether the rule that applies with regard to income tax liability in the winding-up of a company applies also in the dissolution of a partnership was decided by the Judicial Committee of the Privy Council in the case of *Madras Income Tax Commissioner v. P.R.A.L. Muthukaruppam Chettiar* in an appeal from the High Court, Madras, under the Indian Income Tax Act, 1922. It may be remembered that in the case of *Inland Revenue Commissioners v. Burrell* a surplus on liquidation even when consisting largely of accumulated profits was held not to be income in the hands of the shareholders. It was sought to apply this to interest on capital due to a retiring partner on the basis that all sums due in dissolution were capital and not income. The High Court of Madras held that the principle in the English case above referred to should apply, but the Judicial Committee of the Privy Council have reversed that decision.

In delivering judgment, Lord Atkin said the position in respect of a partnership was different; the profits were profits of the partners, and as soon as declared constituted an obligation from the firm to each partner. The account taken on dissolution ascertained what was due for profits and what was due for capital, and the outgoing partner had the right to receive, not a share in the assets, as in the case of a company liquidation, but to receive payment of the profits which were his before dissolution and did not cease to be his upon dissolution.

With reference to the Loan Council plan adopted at the Dominion and Provincial Ministers' Conference, Mr. Dunning, the Canadian Minister of Finance, announced last month that the Federal Government had arranged to make a loan to Alberta to enable the Province to meet its £400,000 obligation which had matured.

This action, he said, had been taken in the national interest, since to allow the Province to default after the principle of the Loan Council had been adopted, and while the necessary machinery was in process of being set up, would be bad for everybody. Explaining the policy of the National Loan Council, Mr. Dunning said they could not go on handing out money to the provinces without adequate security and guarantee of repayment. They were determined that national credit should not be imperilled, and that ability to repay rather than ability to borrow must be a condition of future borrowing. Once the Loan Council machinery had been set up the provinces could not ask for federal "handouts" without earmarking revenues for repayment. Concluding, he said there must be one sound rock, and that was the credit of the whole Dominion. Canada could pay her debts, and would pay them.

The profits of F. W. Woolworth & Co., Limited, for the past year amount to the enormous sum of £5,298,000, and after transferring £100,000 to buildings reserve, and increasing the balance carried forward, a distribution of 100 per cent. is being made, namely, 80 per cent. dividend and 20 per cent. bonus. Bearing in mind the very low prices at which the goods of the company are sold in their shops, one wonders how the goods are produced to provide for such a distribution after covering the expenses of the company.

## FIXED TRUST SAFEGUARDS.

EARLY in January two events took place which vitally concern not only those who invest in fixed trust sub-units, but all to whom the maintenance of the best traditions of public investment is a matter of importance. Reference is made to the long-awaited publication of the Report of the Stock Exchange Sub-Committee on Fixed Trusts and the movement to form an Association of Fixed Trust Managers. They have much in common, for both the Stock Exchange Sub-Committee, whose Report is given in full in this issue, and the Fixed Trusts Standing Joint Advisory Committee, sponsors of the Association of Managers, seek to protect the investor, and the fixed trust system, from exploitation. Both events are timely, if not overdue. The appeal of the Fixed Trust is clearly growing rapidly. Its supporters have already invested in sub-units a sum of about £45,000,000, and the continued lowering of gilt-edged yields must add to its attractiveness, particularly to the small capitalist. Already fifty

trusts are available, their portfolios spreading across the whole range of stock exchange securities. Indeed, it is admittedly now difficult to compile further groups without duplication—and this already exists to an important extent—or entry into fields too speculative for present fixed trust standards. It is in such conditions that the appearance of the bucket-shop promotor may be most feared, and with the possibility of his entry into this field it becomes increasingly urgent that steps to close the avenues for abuse, which have long been seen to exist in the system, should be taken. If they are not, if he is allowed to take his toll, then not only the public but the reputable promotor will suffer. Unfortunately, as the Stock Exchange Sub-Committee recognise, the regulations they suggest will not suffice for this purpose. Since they cover only such trusts as desire that their sub-units shall be allowed official dealing and receive official recognition, they cannot safeguard the investor against those managers satisfied to constitute themselves the sole market. The less worthy would doubtless prefer this. For that reason the Report urges the need for legislation, and, equally desirous of this, the present managers contemplate forming themselves into a small private limited company, to be known as the Association of Fixed Trust Managers, the principal object of which will be "to co-operate with the respective trustees in approaching the Board of Trade" to this end.

Providing all existing trusts join this Association, it would not seem likely that there would be any serious opposition to legislative control. Many authorities regret that in the necessary interim the present regulations, framed to govern Stock Exchange dealing in the sub-units, if and when it is permitted, are not to be made effective. It is, however, gratifying to know that they command so completely the support of the present managers, and that in many cases they are already applied voluntarily. This fact not only establishes the good faith which lies behind the movement so far, but suggests that those regulations will constitute very largely the recommendations made by the Association of Managers to the Board of Trade.

As the probable basis of future legislation the Report of the Stock Exchange Sub-Committee undoubtedly merits careful and detailed examination. Lack of space prevents this being undertaken fully in this article, but certain aspects may be dealt with briefly. One of the most objectionable features of the movement concerns its facility for maintaining secret those facts which both holders and those contemplating the investment of funds in sub-units are entitled to know. The trust invites public subscription, yet neither it nor

its managers are subject to the rules of disclosure imposed by the Companies Acts upon those corporations which attract their capital in this way. Quite justifiably, therefore, the regulations are explicit upon the matter. The names of the managers—or of directors if the concern is a limited company—the properly audited half-yearly accounts of the trust, a statement of the underlying securities and, most important of all, the details of the trust deed giving specific information vital to him, are to be available to the investor. It may be regretted that, except in the original application to the Stock Exchange for its certificate of recognition, the accounts of the managing company are not disclosed, but it is at least assured that details of the deductions made for managerial (and trustee) fees and expenses shall be made public. Similarly, it may be noted with satisfaction that the details of price calculations are to be available.

The regulations regarding advertising will ensure uniformity in what constitutes the fixed trust's prospectus, but the booklets, at least, might with advantage contain the trust deed in full. The necessity to state the fact that the managers undertake no re-purchase obligation, if such is the case, is welcome, as are the rules governing any statement of yield—a field very open to abuse at present.

That the managers are left with wide powers, if they choose to take them, regarding changes in the underlying securities is satisfactory, for there are, as was proved in America, obvious dangers in severe restriction, but in future, publication of such changes as are made would be assured. It may be questioned whether to permit in portfolios any share quoted on the Stock Exchange is to give too wide a choice for this type of investment, while legislation would probably require to be more explicit upon the responsibility of providing a market for sub-units not dealt in officially.

Few criticisms will be directed against the regulations concerning the status of trustees or those imposing definite and extensive responsibilities upon persons who undertake the position.

Many will regret that the Report remains silent concerning the effects of fixed trust purchasing and selling in the general markets, but this aspect will doubtless be dealt with in the subsequent report. Meantime there is evidence that the danger is recognised.

On the whole the latest developments constitute a move in the right direction, and those who have led in stressing the possibilities of abuse in the movement will be amongst the most gratified if legislative control speedily follows.

## INTERPRETATION OF GOLD CLAUSES.

IN recent years it has become the practice to insert in long-term debentures what are popularly known as "gold clauses," and in the case of *British and French Trust Corporation v. New Brunswick Railway Company* the effect of such a clause had once again to be determined by the Courts. Under the particular clause in question the defendant company covenanted to pay to the holders of certain bonds on August 1st, 1934, "the sum of one hundred pounds sterling gold coin of Great Britain of the present standard weight and fineness."

The plaintiffs purchased 992 of these bonds for £95 each on August 15th, 1934, and in March, 1935, presented them for payment. They demanded a sum representing the price in London in sterling calculated as at August 1st, 1934, of 123.27447 grains of gold of the standard fineness specified in the First Schedule to the Coinage Act, 1870, which was equivalent to £183 8s. 5d. in respect of each bond. The defendants offered £100 sterling per bond and refused to pay more, whereupon proceedings were commenced by the plaintiffs.

The task of interpreting the clause in the bonds fell to Mr. Justice Hilbery, who stated that though it was a canon of construction that the words used in a contract must, if possible, be given their natural meaning, if from the surrounding circumstances in which the contract was made, or through other things which were expressed in the contract itself, the words of a particular clause could not be given their natural and ordinary meaning, the Court would give them a meaning consonant with the surrounding circumstances. He held, however, that in the present case he could find no reason for not giving the words in the bond before him their literal and ordinary meaning, which was that repayment was to be made in sterling. In the course of his judgment, Mr. Justice Hilbery referred to and distinguished the case of *Feist v. Société Intercommunale Belge d'Electricité* (1934), in which the House of Lords was called upon to interpret bonds which contained clauses very similar to those in the case before him. The bonds of the Société Belge provided that the company would on an agreed date pay to the holder "the sum of £100 in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the first day of September, 1928." The House of Lords interpreted this clause as meaning that the holders were entitled to such a sum in sterling as represented the gold value of the nominal

amount of the bonds, and that every pound comprised in the nominal amount thereof must be treated as representing the price in London in sterling of 123.27447 grains of gold of standard weight and fineness.

At first there appears to be a direct conflict between these two decisions, but an examination of the facts will reveal the reason for the opposite decisions. The bonds of the Société Belge were issued in September, 1928. The Gold Standard Act, 1925, was already in operation, and the Currency and Banks Notes Act, 1928, had already received the Royal assent. It was, therefore, obvious at the date on which the bonds were issued that payment could not possibly be made in gold coin; and it was clear that a literal interpretation of the clause in the contract which provided for payment in gold coin could not have been intended. The Court was called upon, therefore, to consider the surrounding circumstances which existed when the contract was made. At that date there was cause for fearing that England might be forced off the gold standard, and the House of Lords came, therefore, to the conclusion that the clause in the contract was intended to protect bond holders from loss through possible fluctuations in the value of sterling. This intention could be given effect only by holding that the clause contained a formula for ascertaining the measure of the company's liability in terms of gold.

Such was the state of affairs in 1928 when the bonds of the Société Belge were issued. In 1884—the date of the issue of the New Brunswick bonds—the surrounding circumstances were entirely different. At that date payment in gold coin was the ordinary method of meeting obligations. There was, moreover, no reason whatever to suppose that at some future date such method of payment might become impossible. Nor was there any ground for fearing violent fluctuations in the value of sterling. In other words, there were no surrounding circumstances which suggested that the parties to the contract intended the words they used to bear a meaning other than that which *at the date on which the contract was made* would have been their literal and ordinary meaning. In 1884 "one hundred pounds sterling gold coin of Great Britain" meant that payment was to be made in the ordinary currency of this country. The words were intended to indicate the method of payment, and were not intended to fix the measure of the company's liability with a view to protecting bond holders against loss through currency fluctuations.

Herein, then, lies the distinction between these two apparently, but not really, conflicting decisions.

## Society of Incorporated Accountants and Auditors.

### COUNCIL MEETING.

At a meeting of the Council of the Society on January 24th, there were present :—Mr. R. Wilson Bartlett (President), in the chair ; Mr. Walter Holman (Vice-President), Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. W. Norman Bubb, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. R. T. Dunlop, Mr. M. J. Faulks, Mr. F. Holliday, Sir Thomas Keens, Mr. Edmund Lund, Mr. Henry Morgan, Mr. C. Hewetson Nelson, Mr. James Paterson, Mr. W. Paynter, Mr. Percy Toothill, Mr. R. T. Warwick, Mr. Richard A. Witty, Mr. A. A. Garrett (Secretary), and Mr. E. E. Edwards (Parliamentary Secretary).

Apologies for non-attendance were received from Mr. A. Stuart Allen, Mr. Henry J. Burgess, Mr. Arthur Collins, Mr. E. Cassleton Elliott, Mr. Arthur E. Piggott, Mr. Alan Standing, Mr. A. H. Walkey, Mr. E. W. C. Whittaker and Mr. Fred Woolley.

### HIS MAJESTY THE LATE KING GEORGE V.

At the commencement of the meeting, the President stated that they met under the shadow of the great loss sustained by the nation and by all British subjects by the death of His Majesty King George V. He asked the Council to stand in silence as a token of their loyal and dutiful sympathy with Her Majesty The Queen, His Majesty King Edward VIII, and the other members of the Royal Family. The Council adopted an Address of respectful condolence with His Majesty King Edward VIII (set forth in another column). The President reported that an Address of Condolence had already been submitted to Her Majesty Queen Mary.

It was decided to close Incorporated Accountants' Hall on the day of King George's Funeral.

### FIXED TRUSTS.

It was resolved to support the attitude of the Special Sub-Committee of the Stock Exchange in recommending legislation to deal with Fixed Trusts.

### INCOME TAX PRACTICE.

A communication was submitted from the Institute of Chartered Accountants, whose Council had passed the following resolution :—

"That, in the opinion of the Council, it is highly undesirable that in Revenue Cases, Members of the Institute should undertake work on the basis either that they should be remunerated by a percentage on the amount recovered or that they should receive no remuneration if no recovery results. Should such a case be brought to the knowledge of the Council, it will be liable to be regarded as discreditable conduct."

The Council resolved that the Society of Incorporated Accountants is in accord with the attitude of the Institute of Chartered Accountants and advises the Members of the Society accordingly.

### AUSTRALASIAN CONGRESS ON ACCOUNTING, MARCH, 1936.

An invitation to the Society to participate in this Congress was submitted. The President reported that negotiations were in progress to enable the Society to accept the invitation and to be represented at the Congress. In the meantime the thanks of the Society had been forwarded to the President and Committee of the Congress.

### DECREES OF FRENCH GOVERNMENT, 1935.

A report was received in regard to Decrees published by the French Government concerning the appointment of auditors and the audit of the accounts of companies the shares of which were dealt with on the Paris Bourse.

### COUNCIL.

Mr. Major James Faulks took his seat as a London member of the Council for the first time. The President extended a welcome to Mr. Faulks on behalf of the Council.

The Council received a letter from Mr. Arthur E. Piggott, resigning his seat on the Council on grounds of health. The following resolution was adopted :—

"That the resignation of Mr. Arthur E. Piggott, Manchester, be accepted with much regret, and the Council express to him their cordial appreciation of his long services as a member of the Council since 1886, and of his services to the Manchester District Society, which cover a period of 50 years. The Council send their personal good wishes to Mr. Piggott and hope that there will be a substantial improvement in his health."

Mr. Ralph Thomas Warwick, Fellow in Public Practice (Messrs. W. T. Walton & Son, London and West Hartlepool), formally retired as a Provincial member of the Council, and was appointed to fill an occasional vacancy as a London Member of the Council in accordance with the provisions of Articles 40 and 48.

The following members of the Society were appointed to fill occasional vacancies on the Council as Provincial Members in accordance with the provisions of Articles 40 and 48 :—

Mr. Joseph Turner, Fellow in Public Practice (Messrs. Alfred Nixon, Son & Turner), Manchester.

Mr. Frederick Arthur Prior, Fellow in Public Practice (Messrs. Prior & Palmer), Nottingham.

Mr. Charles Percival Barrowcliff, Fellow in Public Practice (Messrs. C. Percy Barrowcliff & Co.), Middlesbrough.

### INCORPORATED ACCOUNTANTS' DISTRICT SOCIETY OF MANCHESTER : FIFTIETH ANNIVERSARY.

The following resolution was adopted :—

"That the President and Council of the Society of Incorporated Accountants and Auditors extend their cordial congratulations to the Manchester District Society upon its Fiftieth Anniversary, and appreciate the valuable part which Manchester members have played in the history of the Society. The Council send their good wishes for the future prosperity of the Manchester District Society and Incorporated Accountants in Manchester and District."

### DEATHS.

The Secretary reported the deaths of the following Members :—

Mr. John William Armstrong (*Fellow*), Newcastle-on-Tyne ; Mr. Francis Capel Funnell (*Fellow*), London ; Mr. Ernest Hill (*Associate*), London ; Mr. Alfred Pickard (*Associate*), Watford, Herts. ; Mr. Cyril Beaumont Rawlins (*Associate*), Halifax, Nova Scotia ; Mr. Frederick Mitchell Spedding (*Associate*), Stockport ; Mr. William Terrey (*Fellow*), Hove ; Mr. George Wilson (*Fellow*), New Jersey, U.S.A.

### RESIGNATIONS.

The following resignations were accepted with regret :—

Mr. William George Beach (*Associate*), Giru, Australia ; Mr. Charles Albert Belbin (*Fellow*), Sheffield ; Mr. Edgar John Budd (*Associate*), Bilston, Staffs. ; Mr. Laurence Hamilton Chapman (*Associate*), London ; Sir James Alexander Cooper, K.B.E. (*Fellow*), London ; Mr. Charles Hanson (*Associate*), Luton ; Mr. Charles Francis William Kent (*Associate*), Stafford ; Mr. Gordon Crawford Wilson (*Associate*), Sydney.

## Death of His Majesty King George V.

### SOCIETY'S ADDRESS TO KING EDWARD VIII.

At a meeting of the Council of the Society of Incorporated Accountants and Auditors held on January 24th, 1936, the following Address, moved by Mr. C. Hewetson Nelson, Senior Past-President, and seconded by Sir Thomas Keens, was adopted in silence :—

#### TO HIS MOST GRACIOUS MAJESTY KING EDWARD VIII.

May it please Your Majesty,

We, the Members of THE SOCIETY OF INCORPORATED ACCOUNTANTS AND AUDITORS practising our profession in all parts of Your Majesty's Dominions, most humbly approach Your Majesty in order to express our deep sorrow upon the lamented death of His late Majesty

KING GEORGE V

and our sense of the great loss sustained in the passing of our beloved Monarch.

Most dutifully we also offer our respectful congratulations to Your Majesty upon your Accession to the Throne, with the assurance of our loyalty and devotion.

*Given under the Common Seal of the Society of Incorporated Accountants and Auditors, at London, this 24th day of January, 1936.*

R. WILSON BARTLETT, President.

WALTER HOLMAN, Vice-President.

ALEXR. A. GARRETT, Secretary.

In moving the Resolution Mr. Hewetson Nelson said the deep personal loss which they felt at the death of His Majesty King George V was mingled with feelings of thankfulness for his devoted life and his great work for the Nation. He doubted if justice could ever be done to the late King's supreme genius—it was much more than a great gift—for kingship. King George's fulfilment of his great and high office during 26 years of almost unparalleled difficulty won the admiration of all nations and the immeasurable love of his own people.

Sir Thomas Keens referred to the great qualities of His late Majesty as a King, and to the personal attributes which had enthroned him in the hearts of all his people. The respect and affection in which His Majesty was held were coupled with the admiration of all British people for the outstanding ability and sense of duty with which he had discharged the onerous duties of a reign beset with great and world-wide difficulties.

### ADDRESS TO QUEEN MARY.

The President advised the Council that he had caused the following Address to be respectfully submitted to Her Majesty Queen Mary immediately upon the demise of The King :—

#### TO HER MOST GRACIOUS MAJESTY QUEEN MARY,

May it please your Most Gracious Majesty to receive a loyal and dutiful expression of the deep and heartfelt sympathy of the President and Members of THE SOCIETY OF INCORPORATED ACCOUNTANTS AND AUDITORS upon the lamented death of His Most Excellent Majesty King George V, and of their devoted remembrance of the affection and loyalty which His Majesty's gracious sympathy inspired in all His Majesty's subjects.

### Memorial Service at St. Paul's.

At the Commemoration Service to his late Majesty King George, which was held at St. Paul's Cathedral on Tuesday, January 28th, the following were present on behalf of the Society of Incorporated Accountants and Auditors :—The President (Mr. R. Wilson Bartlett), the Vice-President (Mr. Walter Holman), and the Secretary (Mr. A. A. Garrett).

Among the members of the Corporation of London who attended the service were Mr. William Nicholson, F.S.A.A., Mr. S. Grave Morris, F.S.A.A., Mr. W. E. Holland, F.S.A.A., and Mr. T. L. Judd, C.B.E., F.S.A.A.

### INCORPORATED ACCOUNTANTS' YEAR BOOK.

The Incorporated Accountants' Year Book for 1936 which has now been issued contains the names of 6,664 members of whom 5,533 are in England and Wales, 129 in Scotland, 176 in Ireland and 826 in the British Dominions, Colonies and foreign countries. The book comprises a list of members arranged both alphabetically and topographically, and both lists contain also the names of firms one or more of the members of which are Incorporated Accountants. Particulars are given of the Branches and District Societies, of which there are 31, in the leading cities and towns of Great Britain, Northern Ireland, the Irish Free State and throughout the British Dominions. Information is also furnished regarding the Incorporated Accountants' Benevolent Fund and the facilities afforded for meetings at Incorporated Accountants' Hall.

### CHARGES ON A PERCENTAGE BASIS.

The attention of Incorporated Accountants is drawn to a resolution of the Council of the Society appearing on page 152 of this issue with regard to undertaking work in Revenue Cases on the basis of a percentage on the amount recovered or of accepting no remuneration if no recovery results.

## Obituary.

### SIR WILLIAM BARCLAY PEAT.

We regret to announce the death, at the age of 84, of Sir William Barclay Peat, F.C.A., who was for 32 years the head of the firm of W. B. Peat & Co., afterwards Peat, Marwick, Mitchell & Co. Sir William retired from public practice in 1923 but continued to take an active interest in the business of the firm. He was born in Kincardineshire and served his articles in London. In 1877 he was admitted to partnership in the firm of Robert Fletcher & Co., of London and Middlesbrough, and in 1891 he became senior partner, the name of the firm being altered to W. B. Peat & Co. From 1906 to 1908 he was President of the Institute of Chartered Accountants in England and Wales. Sir William was closely connected with the iron and steel trades, and was a Vice-President of the Federation of Iron and Steel Manufacturers. He was also for some time Chairman of the Federation of British Industries and in connection with the promotion of large undertakings he was frequently called in to advise. He served on a number of Government Committees and was Chairman of the Royal Commission on Agriculture in 1919-1920.

The funeral took place on January 27th at Totteridge Parish Church, the service being conducted by the Lord Bishop of St. Albans. A memorial service was held at St. Margaret's Church, Lothbury, E.C.2, on January 29th, when the Society of Incorporated Accountants was represented by the Secretary (Mr. A. A. Garrett).

### JOHN WILLIAM ARMSTRONG.

We regret to record that Mr. J. W. Armstrong, F.S.A.A., senior partner of the firm of J. W. Armstrong & Sons, Newcastle-upon-Tyne, died at the end of December. Mr. Armstrong, who was aged 58, had been in practice in Newcastle since 1904, and was a director of a number of companies. He became a member of the Society of Incorporated Accountants in 1907, taking honours in the Final examination, and was a member of the Committee of the Newcastle and District Society from 1910 to 1931.

### CHARLES FLETCHER SANDERS.

It is with regret that we record the death of Mr. C. F. Sanders, LL.D., F.S.A.A., which occurred suddenly on January 24th. Mr. Sanders became a member of the Society of Incorporated Accountants in 1903, and was senior partner in the firm of Wm. Sanders & Sons, Incorporated Accountants, Cardiff. He was Lord Mayor of Cardiff in 1932.

He was particularly interested in education, and held the office of chairman of the Secondary Schools Committee. He was appointed a Justice of the Peace in 1906, and since 1932 was a member of the Council of the Magistrates' Association. He was also a past President of the Cardiff Free Church Council. The University of Wales conferred on him the honorary degree of LL.D. in 1933 in recognition of his services to education in South Wales. The memorial service on January 29th was attended by the Lord Mayor and Corporation of Cardiff.

### INCORPORATED ACCOUNTANTS DISTRICT SOCIETY OF LONDON.

The Chairman and Committee announce that in consequence of the death of his Majesty King George the reception and dance fixed for Friday, February 14th, is postponed.

## Society of Incorporated Accountants and Auditors.

### EXAMINATION RESULTS IN SOUTH AFRICA.

NOVEMBER, 1935.

#### Final.

##### *Order of Merit.*

MACKAY, HARRY ANGUS, clerk to P. E. T. Whiteley (Whiteley Brothers), P.O. Box 2162, Johannesburg. (Second Certificate of Merit).

##### *Alphabetical Order.*

CHALMERS, ROBERT JOHN, clerk to E. V. Buchanan (Roberts, Allsworth, Cooper Brothers & Co.), 89, Stanley House, Commissioner Street, Johannesburg.

COWELL, LUKE, clerk to Deloitte, Plender, Griffiths, Annan & Co., Norwich Union Buildings, St. George's Street, Cape Town.

DOBIE, ARTHUR HENRY, clerk to Gurney, Noteatt & Fisher, London and Lancashire House, 148, St. George's Street, Cape Town.

FAIRWEATHER, ALAN ALEXANDER JOHNSON, clerk to Hemphill, Anderson & Co., P.O. Box 2755, Johannesburg.

FERNAU, RODERICK LEWIS, clerk to G. E. D. Orpen (E. R. Syfret & Co.), corner of Wale and Burg Streets, Cape Town.

KARRO, ISAAC, clerk to J. Hoffman, Fletcher's Chambers, Darling Street, Cape Town.

KOSSUTH, FREDERICK FRANCIS, clerk to P. A. M. Hands (Hands & Shore), 106, St. George's Street, Cape Town.

LOSEBY, GEORGE CHARLES ASHDOWN, clerk to G. Hadfield (Douglas Low & Co.), 32, Fletcher's Chambers, Longmarket Street, Cape Town.

MARSHALL, HUGH ARTHUR, clerk to A. N. Smith (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Building, Fox Street, Johannesburg.

OLDHAM, NORMAN BENSON, formerly clerk to George Mackeurtan, Son & Crosoer, Old Well Court, 376, Smith Street, Durban.

POWRIE, JOHN DUNCAN, clerk to J. G. Carter (Alex. Aiken & Carter), National Bank Buildings, Simmonds Street, Johannesburg.

RODE, HILMAR, B.Comm., formerly clerk to Hands & Shore, 106, St. George's Street, Cape Town.

(18 candidates failed to satisfy the Examiners.)

##### *Intermediate.*

##### *Alphabetical Order.*

ALTONA, CARL EDWARD, clerk to G. W. Warner, Board of Executors Buildings, Maitland Street, Bloemfontein.

BENZIE, ERIC ALEXANDER, clerk to J. Stewart (James Stewart & Steyn), 14-18, United Buildings, 33, Rissik Street, Johannesburg.

BLOCH, NATHAN, clerk to M. Glickman, 70, St. George's Street, Cape Town.

BROWN, JAMES LENNOX ROWLAND, clerk to F. C. McConnell (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Building, Fox Street, Johannesburg.

CAITHNESS, CHARLES RIDGES, clerk to N. A. Stott (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Building, Fox Street, Johannesburg.

COOPER, FREDERICK PETER HENDERSON, clerk to S. R. Barnes (S. R. Barnes & Taylor), Somerset House, Vermeulen Street, Pretoria.

FORSYTH, ANDREW LANDALE, Jnr., clerk to F. G. W. Tucker (F. G. W. Tucker & Co.), 902, Shell House, Rissik Street, Johannesburg.

**GRANT, PETER OWEN**, clerk to G. Hadfield (Douglas Low & Co.), 32, Fletcher's Chambers, Longmarket Street, Cape Town.

**KOLBE, ANDRIES FREDERICK**, formerly clerk to H. R. S. Eason, 71, Maitland Street, Bloemfontein.

**LAMBSON, REGINALD JOSEPH**, clerk to C. D. Gibson (Gibson, Whiteley & Co.), 404-8, Reserve Bank Chambers, Wale Street, Cape Town.

**RAWSON, HENRY GREY FORBES**, clerk to J. C. Macintosh (Goldby, Panchaud & Webber), 4th Floor, Prudential Assurance Building, 90, Fox Street, Johannesburg.

**ROBERTS, BRIAN HART**, clerk to J. C. F. Hartford (J. E. P. Close & Co.), 106, Adderley Street, Cape Town.

**SAMPSON, VICTOR**, clerk to W. B. Gurney (Gurney, Noteatt & Fisher), London and Lancashire House, 148, St. George's Street, Cape Town.

**SCOTT-KELLY, THOMAS GRIERSON CRAWFORD**, clerk to B. S. Jones (Basil Jones & Winterton), Netherlands Bank Buildings, Smith Street, Durban.

**SMITH, GERHARD ROTHMAN**, clerk to R. B. Sinclair, North British Buildings, Simmonds Street, Johannesburg.

**THOMPSON, BRIAN HUBERT**, clerk to T. M. Wadley (Wadley, Wood & Bonella), 21-23, Club Arcade, Durban.

**TUCKEY, HARRY CHARLES GRIERSON**, clerk to Salisbury, Beaton & Raynham, 9-11, Christian Street, Kimberley.

**WOLSTENHOLME, ROY**, clerk to D. C. Carruthers (Higgerty, Carruthers & Thompson), 56, Permanent Buildings, Johannesburg.

(15 candidates failed to satisfy the Examiners.)

#### Preliminary.

#### Alphabetical Order.

**COURTNEY-CLARKE, CECIL STANHOPE**, 4, Leutwein Street, Windhoek, S.W. Africa.

**RUTHERFORD, KENNETH ROBERT**, 26, Valley Road, Westcliffe, Johannesburg.

**SURTEES, VERNON STANLEY**, c/o Douglas Low & Co., North British Building, Commissioner Street, Johannesburg.

(1 candidate failed to satisfy the Examiners.)

#### EMPIRE EXHIBITION IN SOUTH AFRICA.

A meeting was held on January 23rd under the auspices of the British Empire League. Captain D. Euan Wallace, M.P. (Secretary of the Department of Overseas Trade), presided, and gave an address on the Empire Exhibition to be opened in Johannesburg on September 15th, 1936. He said that between 1910 and 1935 the European population of South Africa increased by over 50 per cent., and the native population by over 40 per cent. There had been a tremendous increase in agricultural products and minerals, and recently in industrial development. A modern iron and steel works had been established at Pretoria. South Africa was passing through a period of great prosperity and had a Budget surplus last year of over £2,000,000. The United Kingdom was the Union's best customer and also her principal supplier.

This would be the first Empire Exhibition to be held outside Great Britain.

#### Professional Appointment.

Mr. John Cockram, A.S.A.A., has been appointed Chief Accountant to the Colne Valley Water Company.

#### THE BANKER AND THE ACCOUNTANT.

At a recent meeting of the Incorporated Accountants' District Society of Westmorland and Cumberland, Mr. J. W. Whipp, Manager of Martins Bank Limited, Carlisle, gave an address on "The Banker and the Accountant." Referring to the criticism of bankers which they had recently heard, Mr. Whipp said that some people had an exaggerated idea of the power of the banks. It was apparently believed that they could create credit to an unlimited extent, and if they chose to do so, it was all that was necessary to bring back prosperity again. Only the State could do this, but he warned them against believing that any such scheme would end our present distresses. The authors of the recent book, "The Next Five Years," written from a moderate left-wing standpoint, had referred to the persistent belief, not shared by them, "that by a few simple book-keeping transactions a flood of wealth hitherto pent up by an imperfect monetary system can be released to sweep poverty from the face of the earth." Bankers did, of course, create credit to a limited extent when they lent money to their customers, and they would be glad to lend more at present on sound banking lines, but they could not do so when the demand did not exist.

It was sometimes forgotten that the banker's first duty was not to the borrower, but to the depositor, whose money was repayable on demand. That meant that all banking loans must be (a) reasonably safe, and (b) not locked up, but capable of being called in when required. Instances of typical banking overdrafts were given, such as when accommodation was afforded to pay for a shipment of corn or cotton, the proceeds of sale coming in within a short period, the money thus being available to finance another transaction; or a seasonal overdraft to a manufacturer for the purchase of his raw material, the sale of the manufactured article bringing the money in again; or a loan to a farmer to help him to buy lambs at the autumn sales, which would be sold fat after wintering.

With reference to the criticism of bankers' charges, that they lent money at 5 per cent. for which they gave  $\frac{1}{2}$  or 1 per cent., this would be a very fortunate position for the banks if it were so, but it simply wasn't true. Taking the items in a bank's current balance sheet, only 33 per cent. of the money deposited was out on loan, the remainder returning, as regards some items, nothing at all, and only a small yield on the others. A margin of probably 2 per cent. was left to cover provisions for bad and doubtful debts and all expenses.

The speaker remarked that, except for special consultations in time of difficulty, bankers and accountants usually met on the pages of a balance sheet, and he showed by examples how the banker arranged the assets and liabilities for his own purpose, and how he viewed the various items which appeared on the statement.

#### HONOURS FOR ACCOUNTANTS.

The following names of professional accountants appeared in the list of New Year Honours:—

**Knights**.—Col. B. J. T. Ford, F.C.A., Birmingham, and Mr. C. J. Pain, F.C.A., Nottingham.

**M.B.E. (Civil Division)**.—Mr. Andrew Fullerton, A.S.A.A., Leeds.

## FORTHCOMING EVENTS.

1936.

- Feb. 3rd.** Irish Branch. At Dublin, at 6 p.m. "Annual General Meeting of a Limited Company." Arranged by Mr. M. Bell, A.S.A.A. (Students' Meeting.)
- Newcastle-upon-Tyne District Society. At Middlesbrough, at 7 p.m. Lecture by Mr. J. K. Brown, A.S.A.A., on "Solicitors' Accounts."
- Notts, Derby and Lincs. District Society. At Nottingham, at 6.30 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "Executorship."
- West of England District Society. At Bristol, at 6 p.m. Lecture by Mr. C. A. Sales, LL.B., F.S.A.A., on "Deeds of Arrangement."
- Feb. 4th.** Bradford District Society. At Bradford, at 7.30 p.m. Lecture by Mr. A. Lester Boddington, F.S.S., on "Statistics."
- North Lancashire District Society. At Preston. Lecture by Mr. A. Lord, A.S.A.A., on "Investigations and Reports."
- West of England District Society. At Gloucester, at 5.45 p.m. Lecture by Mr. C. A. Sales, LL.B., F.S.A.A., on "Partnership Law and Accounts."
- Yorkshire District Society. At Leeds, at 6.30 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "Sur-tax and Private Limited Companies."
- Feb. 5th.** Sheffield District Society. At Sheffield, at 6.30 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "The Management of Working Capital."
- Feb. 6th.** Birmingham District Society. At Birmingham. Dance.
- Burnley Students' Society. At Burnley, at 7.30 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "Income Tax: The Treatment of Losses."
- South Wales and Monmouthshire District Society. At Cardiff. Joint Debate, Cardiff and Newport Students. "That the Banking System of this Country should be Nationalised."
- Newcastle-upon-Tyne District Society. At Newcastle, at 6.30 p.m. Lecture by Mr. W. P. Sawyer, Inspector of Taxes, on "Main Points Arising Under Schedule D."
- Feb. 7th.** Liverpool District Society. At Liverpool, at 6.15 p.m. Lecture by Mr. J. Selwyn Lloyd, M.A., on "The Legal Liability of Accountants."
- Manchester District Society. At Manchester, at 6.15 p.m. Lecture by Mr. E. Westby-Nunn, B.A., LL.B., on "Deeds of Arrangement." (Students' Meeting.)
- North Staffordshire District Society. At Hanley, at 6.30 p.m. Lecture by Mr. A. Stuart Allen, F.S.A.A., on "Special Types of Assessable Income."
- South of England District Society (Bournemouth Regional Committee). At Bourne-
- mouth, at 7.15 p.m. Lecture by Mr. G. H. Mills on "Formation of a Company."
- Feb. 12th.** Belfast District Society. At Belfast, at 7.30 p.m. Lecture by Mr. W. H. Palmer on "Double Taxation." (Students' Meeting.)
- Leicester District Society. At Leicester, at 6 p.m. Lecture by Mr. B. B. Benas, B.A., LL.B., on "Law in Daily Life."
- Sheffield District Society. At Doncaster, at 6.30 p.m. Lecture by Mr. W. H. Stalker, A.S.A.A. "A Talk to Students on Cost Accounts."
- Swansea and South-West Wales District Society. At Swansea. Lecture by Mr. H. G. Roberts, Inspector of Taxes, on "Relief in respect of Losses under the Income Tax Acts."
- Feb. 13th.** Devon and Cornwall District Society. At Plymouth, at 6.30 p.m. Lecture by Mr. R. D. Lusecombe, LL.B., on "The Lawyer and The Accountant."
- Feb. 14th.** Birmingham District Society. At Birmingham. Lecture by Mr. C. E. Dolby, F.S.A.A., on "Internal Organisation of an Accountant's Office."
- Hull District Society. At Hull, at 7.15 p.m. Lecture by Mr. W. Norman Bubb, F.S.A.A., on "Auditors and their Responsibilities." (Students' Meeting.)
- Manchester District Society. At Manchester, at 6.15 p.m. Lecture by Mr. W. H. Stalker, A.S.A.A., F.C.W.A., on "Standard Costs."
- Feb. 17th.** Newcastle-upon-Tyne District Society. At Middlesbrough, at 7 p.m. Lecture by Mr. G. Lambert, A.S.A.A., on "Executorship Accounts."
- Newcastle-upon-Tyne District Society. At Newcastle, at 6.30 p.m. Lecture by Mr. W. H. Stalker, A.S.A.A., on "Mechanical Accounting."
- Nottingham, Derby and Lincoln District Society. At Nottingham, at 6.30 p.m. Lecture by Mr. C. A. Sales, LL.B., F.S.A.A., on "Voluntary Liquidations."
- Feb. 18th.** London Students' Society. At Incorporated Accountants' Hall, at 6.15 p.m. Lecture by Mr. William Strachan, F.S.A.A., on "Control Accounts in Relation to Costing."
- Yorkshire District Society. At Huddersfield, at 6.30 p.m. Lecture by Mr. W. H. Grainger, F.S.A.A., on "Voluntary Liquidations and the Rights and Duties of the Liquidators in Connection Therewith."
- Feb. 19th.** Liverpool District Society. At Liverpool, at 6.15 p.m. Lecture by Mr. Addison Perry-Keene on "Management Accounts."
- North Lancashire District Society. At Preston. Lecture by Mr. C. A. Sales, LL.B., F.S.A.A., on "Duties and Liabilities of Auditors."
- South Wales and Monmouthshire District Society. At Newport. Lecture by Mr.

- A. A. Garrett, M.B.E., M.A., on "Secretarial Practice."
- Feb. 21st.** Birmingham District Society. At Birmingham. Lecture by Mr. R. Kynock Clark on "Some Notes on Bankruptcy Practice."
- Bradford District Society. At Bradford. Eighth Annual Supper Dance.
- Manchester District Society. At Manchester, at 6.15 p.m. Lecture by Mr. J. Ford, Inspector of Taxes, on "Income Tax."
- South Wales and Monmouthshire District Society. At Newport. Lecture by Mr. R. E. Venmore on "Promotion of a Private Limited Company." (Students' Meeting.)
- Feb. 24th.** Belfast District Society. At Belfast, at 1 p.m. Luncheon.
- Irish Branch. At Dublin, at 6 p.m. Lecture by Professor George O'Brien, D.Litt., on "Economics." (Students' Meeting.)
- Feb. 25th.** Devon and Cornwall District Society. At Exeter, at 6.30 p.m. Legal Lecture by Mr. Griffith Morgan.
- Leicester District Society. At Northampton, at 6 p.m. Lecture by Mr. Arthur Duxbury on "How to Speak in Public."
- London Students' Society. At Incorporated Accountants' Hall, at 6.15 p.m. Lecture by Mr. W. J. Busschau on "Future of Gold Supply."
- Yorkshire District Society. At Bradford, at 7.30 p.m. "Mock Income Tax Appeals." Joint Meeting with the Bradford District Society.
- Feb. 26th.** Cumberland and Westmorland District Society. At Carlisle. Lecture by Mr. W. L. Harris, A.S.A.A., on "Secretarial Practice."
- Sheffield District Society. At Sheffield, at 6.30 p.m. Lecture by Mr. W. Bertram Nelson, F.S.A.A., on "The Technique of Accountancy."
- Feb. 27th.** Cardiff Students' Society. At Cardiff. Papers by Mr. G. E. Davies and Mr. W. G. Evans on "The Assessment for Income Tax Purposes of (i) a Farmer and (ii) a Commercial Traveller" and "The Audit of the Accounts of (i) a Building Contractor and (ii) a Garage Proprietor."
- Liverpool District Society. At Chester, at 6.45 p.m. Lecture by Mr. R. Bennett, A.S.A.A., on "Aspects of Municipal Accounts."
- Newcastle-upon-Tyne District Society. At Newcastle, at 6.30 p.m. Lecture by Mr. E. Allen, M.A., on "The Implications of Economic Planning."
- Feb. 28th.** East Anglia District Society. At Norwich. Annual Dinner.
- North Staffordshire District Society. At Hanley, at 6.30 p.m. Lecture by Mr. A. R. Capey on "Currency Problems."
- South of England District Society. (Bournemouth Regional Committee.) At Bournemouth, at 7.15 p.m. Lecture by Mr. C. G. Woodfield on "Income Tax Principles as Illustrated in recent Decisions in the High Court."

## FIXED TRUSTS.

### London Stock Exchange Report.

The following is the interim report of the Sub-Committee of the London Stock Exchange on Fixed Trusts which was issued last month :—

1. The Sub-Committee appointed to consider generally the subject of fixed trusts beg to report as follows :—

The material which has been collected by the Sub-Committee has made it clear that this method of investment does in fact provide a means of obtaining money from the public without affording in return the safeguards with which the legislature has deemed it necessary to surround many other forms of investment.

The fixed trust movement is expanding with great rapidity, and, apart from a general loss of prosperity, it may be expected to continue to do so, and in this growth it is inevitable that, unless there is set up some standard to which all fixed trusts must conform, the influence of competition will produce trusts which sacrifice stability and probity to the greater benefits which their creators can derive by the proffer to the public of promises which would not stand the test of well-informed examination.

There is, however, a considerable volume of evidence to show that the fixed trust movement owes its growth, not by any means exclusively to the appetite of its promoters for the emoluments which they derive, but also to a genuine public demand for a means by which the comparatively small investor may enter a slightly speculative but clearly defined field of investment with the benefits of a spread risk.

The Sub-Committee is thus led to the conclusion that the public interest does not demand the suppression of fixed trusts, but does demand the authoritative establishment of such standards as will safeguard the public from exploitation by this means.

2. Having reached this conclusion, the Sub-Committee has proceeded to an examination of the means by which the safeguards which it postulates could be achieved, and has first considered what steps the Stock Exchange itself could take to this end.

It has for this purpose drawn up and appends to this report draft regulations which, if generally enforced, would go far to remove the evils expected to result from the uncontrolled continuance of the fixed trust movement.

It cannot, however, be overlooked that such regulations, if established by the Stock Exchange alone, would extend no further than the exclusion from the market of the Stock Exchange of those trusts which do not comply and from the services of members of the Stock Exchange as brokers in connection with dealings in units and sub-units. The regulations afford no means of controlling the activities of any trust which is content to find its own market elsewhere, and there is, in fact, considerable ground for saying that the majority of fixed trust managers would welcome conditions which constituted them the sole market for their own sub-units.

Turning for one moment from the standpoint of public interest to that of the Stock Exchange itself, it is apparent that by promulgating such regulations the Stock Exchange would be assuming the heavy responsibility of deciding whether they were, in fact, adequate to protect the public, and whether in each case they had or had not been duly complied with.

The Sub-Committee would not hesitate to recommend the assumption of this responsibility if they were satisfied that it would result in the public getting the protection

which it should have, but, for the reasons set out above, it has felt that the protection to the public would be limited and indeed altogether absent in those cases in which it is most needed.

3. The ultimate conclusion of the Sub-Committee is, therefore, that the full measure of protection to which the public is entitled can only be achieved by legislation which can be universally enforced, and that such legislation lies outside the scope of the authority of the Stock Exchange.

4. In this report the Sub-Committee has confined itself to the foregoing public aspects of the matter. There are other aspects of the matter which it is proposed to make the subject of a future report.

#### Points for Amendment of Rules.

"Unit" includes any participation in a fixed trust by whatever name called.

A "fixed trust" shall be deemed to be "recognised" if and so long as such fixed trust has obtained and maintains in force a certificate of recognition under the provisions of Appendix. The Committee may withdraw or suspend such Certificate at any time.

No member shall deal in units or sub-units of any fixed trust other than a recognised fixed trust and no member shall be interested as shareholder or otherwise in any company which acts as managers of any fixed trust whether recognised or not or the greater part of whose income is derived from the management of or dealings in units or sub-units.

Rule 193 shall apply to purchases and sales of units or sub-units which shall for that purpose be deemed to be shares or units of stock within paragraph (D) of Appendix 39.

Contract notes for sale and purchase of units or sub-units shall be made subject to the rules and regulations of the Stock Exchange which shall be deemed to apply to such contracts.

In the case of any Fixed Trust formed before , 1935, Rule shall not apply to contracts for the purchase and sale of units or sub-units until application for a certificate of recognition has been made and refused or until the , 1935, whichever shall be the earlier date.

#### Regulations for obtaining a Certificate of Recognition of a Fixed Trust.

The following documents and particulars must be sent to the secretary of the Share and Loan Department when application is made:—

1. Two prints of the trust deed or agreement constituting the fixed trust.
2. If required, a copy of the last directors' report and balance sheet of the proposed trustee.
3. Full particulars of the managers and if the managers are a company:—
  - (a) A print of the Memorandum and Articles of Association of such company.
  - (b) A copy of the last report and balance sheet of such company.
  - (c) The full names and description of the directors and against each name a list of all other directorates (if any) that each holds.
  - (d) The name and address of the secretary and registered office.
4. Copies of any circulars or advertisements which it is proposed to issue on the introduction of such fixed trust, whether the same actually offers units or sub-units for sale or not.

5. Specimen of the certificate proposed to be issued for units or sub-units.

6. A complete list of the securities which will initially constitute a unit or sub-unit (hereinafter referred to as "the underlying securities").

No security must be included which is not dealt in on the Stock Exchange and it is inadvisable that the amount of any one security to be included when the trust is fully constituted should exceed 2½ per cent. of the total amount of that security dealt in.

7. An undertaking under the seal of the managers covering the following points:—

- (a) To notify the Share and Loan Department immediately and certificate holders on the distribution of the next dividend on completion of any change in the constitution of a unit or sub-unit, but also undertaking to notify the certificate holders forthwith by advertisement or otherwise if so required.
- (b) To furnish the Share and Loan Department and the trustee before the same are issued with any circulars or advertisements that are to be issued unless the only change as compared with any circular and advertisement previously issued is in the yield of a unit or sub-unit and such yield has been calculated on a basis precisely similar to that adopted in an advertisement or circular previously furnished to the Share and Loan Department and the trustee.
- (c) To make up and deliver to the Share and Loan Department three copies of the half-yearly accounts of the trust (see half-yearly accounts) as soon as the same have been made up.
- (d) To furnish the Share and Loan Department and the trustee at any time on demand with detailed statements prepared on any particular day or days showing how the offered and repurchase price of units or sub-units has been arrived at based upon the buying and selling prices of the underlying securities as quoted on the Stock Exchange showing separately in such particulars any loading for the remuneration of the trustee or managers or for expenses.
- (e) To permit any prospective subscriber or any holder of a unit or sub-unit to inspect at the registered offices of the managers or if such registered offices are not in London at a convenient place in London copies of the statements referred to in sub-clause (d).
- (f) Not to pay to any broker or other agent in respect of the placing of any unit or sub-unit any remuneration in excess of the commission on the minimum scale laid down in Appendix 39 (D) payable on the sale of a share or unit of stock at the same price as that at which such unit or sub-unit is placed.
- (g) Not to demand from any subscriber of a unit or sub-unit more than the offered price arrived at by taking the cost of the underlying securities at the market cost price at the time of the sale of the unit or sub-unit plus ordinary costs of such purchase plus accumulated net income plus the loading charges authorised by the deed and any fiscal charges (except that the price if not a multiple of 3d. may be made up to the nearest multiple of 3d. above the price ascertained as herein mentioned), and on demand by the purchaser to refund any excess that may have been charged.

- (b) In the case of registered units or sub-units (i) in cases where the trust deed makes provision for the transfer of units to make arrangements satisfactory to the Committee for the certification of transfers and the registration of transfers and the issue of new certificates in the name of the transferee; (ii) in cases where the trust deed does not make provision for the transfer of units or sub-units to make arrangements satisfactory to the Committee to accept the surrender of certificates of registration of units or sub-units and to issue fresh certificates of registration of the same or identical units or sub-units in a new name free of expense other than stamp duty (if any) payable in respect thereof, and a fee of 2s. 6d. for each new certificate required.
- (i) To issue certificates in a style approved by the Committee. To insert on all certificates the date of the issue and, in cases where the unit or sub-unit to which the certificate relates will not be identical in all respects with all other units or sub-units of the same series (including the amount of income tax to be deducted on the first distribution of income made after the issue of such unit or sub-unit) a clear statement of the date upon which such unit or sub-unit will become identical in all respects with units or sub-units of the same series previously issued.
- (j) To notify the Share and Loan Department forthwith of all proposed alterations in the deed of trust or agreement constituting the trust and furnish them with final copies of the amending deeds or agreements.
- (k) To furnish the Share and Loan Department on each Stock Exchange Account Day with the total number of units and sub-units outstanding and the underlying securities held against them and to what extent all units or sub-units are not identical.
- (l) To notify the Share and Loan Department at least 21 days in advance of the intention to close the books for payment of dividends by warrant, or to distribute a dividend by coupon.
- (m) To comply with the requirements of the Stock Exchange relating to the recognition of fixed trusts.

8. An undertaking under the seal of the trustee covering the points referred to in paragraph 7 (a), (i), (j) and (m).

#### Form of Trust Deed or Agreement.

The trustee must be an insurance company or bank incorporated by Royal Charter, Special Act of Parliament or under the Companies Acts of Great Britain authorised to do trust business or a company so authorised and affiliated to or owned and controlled by an insurance company or bank.

The trust deed or agreement constituting any fixed trust must contain provisions in a form satisfactory to the Committee dealing in particular with the following points:—

- (a) A specific declaration on the part of the trustee that the underlying securities, cash and other assets constituting the units or sub-units will be held by the trustee on trust for the holders of units or sub-units subject to the terms of the deed.
- (b) That certificates for units and sub-units shall not be issued unless signed by or on behalf of the trustee and that no certificate shall be valid until so signed, and that no certificate shall be issued until the trustee has received the necessary underlying securities or contract notes by brokers satisfactory to the trustee for the purchase of such securities plus the cash necessary to pay for the same on delivery or the trustee has received from a London clearing bank an irrevocable and unconditional undertaking to deliver the relative underlying securities without payment.
- (c) That the trustee accepts responsibility for the validity of all certificates issued or countersigned by him and for holding the relative underlying securities and/or cash representing the units or sub-units to which such certificates relate.
- (d) Suitable provisions to secure that all units or sub-units of any series shall at any one time confer on the holders identical rights except as regards the amount of the income tax to be deducted from the income on the first distribution of income made after the issue or re-issue of such unit or sub-unit.
- (e) Unless the unit or sub-unit certificates are bearer documents satisfactory provisions either enabling the holders of units or sub-units to transfer the same or enabling the holders of units or sub-units against the surrender thereof to receive on payment of a fee of 2s. 6d. for each new certificate required [and stamp duty (if any) payable] certificates for units or sub-units in the new name in the place of those surrendered and for keeping a register and a record of all changes of ownership of units or sub-units and for inspection of such register and records by the trustee, and holders of units and sub-units or their respective nominees.
- (f) Clear provisions as to the remuneration to be received by the trustee and managers for their services. Where the remuneration of the managers or trustee is to be provided by an initial addition or loading to be collected on the first issue of any unit or sub-unit, suitable provisions for securing that a sufficient proportion of this amount as agreed by the auditors to the managing companies and the trustee will be deposited in a banking account or invested in the name of the trustee upon trust to appropriate the same to the trustee and the managers only at half-yearly intervals *pro rata* over the whole period of the trust or some other suitable provision to secure that in the event of a change of trustee or managers provision will be available for the remuneration of the new trustee or managers without additional charge to the holders of units and sub-units or claims against the underlying securities.
- (g) That on a change of managers the new managers must be subject to approval by the trustee and notification of such change must be sent to the Share and Loan Department forthwith.
- (h) That the managers shall retire:—
  - (i) If they go into liquidation or receivership or, in the opinion of the trustee, are in financial difficulties or insolvent.
  - (ii) If for good and sufficient reason the trustee is of opinion that a change of managers is desirable in the interests of the holders of the units and sub-units.
  - (iii) If the holders of 75 per cent. of the outstanding units or sub-units require the managers to retire.

- (i) That the trust is for a limited period not exceeding 25 years or limiting the period during which any series of units or sub-units under the trust may be outstanding to a period not exceeding 25 years.
- (j) Suitable provisions for liquidation on termination of the trust including sale or distribution of the underlying securities, such liquidation to be carried out by or under the supervision of the trustee who must accept responsibility for notifying holders of units and sub-units, in the case of bearer certificates by advertisement and in the case of registered certificates by post, of their rights on a liquidation. The trustee must also accept responsibility to realise any underlying securities (if possible) not claimed by holders of units or sub-units within a limited period after termination of the trust or expiration of the period for which the unit or sub-unit is issued and to hold the proceeds until claimed, provided that if not claimed within a period of twelve calendar months the same may be paid into court.
- (k) The trustee must accept responsibility to make up accounts of the trust half-yearly and to make at least half-yearly distributions to the holders of units and sub-units in respect of income, these accounts to provide for the matters referred to below under the heading "Half-yearly Accounts." Two copies of each account to be sent to the secretary of the Share and Loan Department and the same to be open for inspection free of charge at the office of the trustee and the managers during all usual business hours by the holder of any unit or sub-unit or any person appointed by him.
- (l) The trust deed must provide either that the number of units or sub-units or the number of units or sub-units of any series to be outstanding shall be limited or must contain provisions to the effect that the trustees may at any time fix the number of units or sub-units or units or sub-units of any series that may be outstanding at any one time. In the latter event the Committee will require from the trustees an undertaking that the trustees will impose such a limit to be agreed with the Committee at the time when application for recognition is made.
- (m) How and by whom the voting rights on the underlying securities are to be exercised.
- (n) That the holder of a complete unit shall be entitled on surrendering his certificate either to take (subject to the regulations of the companies concerned) delivery of the underlying securities constituting the complete unit on payment only of any necessary expenses incident to the transfer of the same to him, or, alternatively, at his option to require the managers to instruct the trustee to realise such securities and to pay to him the net proceeds of sale subject to deduction of the usual brokerage and stamps but without any further deduction in respect of remuneration for or expenses of the trustee or the managers.
- (o) That all purchases and sales of underlying securities are to be made by the trustee or at his discretion by the managers.
- (p) Express provisions for dealing with stock dividends or any distributions or rights (or proceeds of sale thereof) accruing in respect of the underlying securities other than cash dividends.
- (q) Clear provisions regarding sales of underlying securities and how the proceeds are to be dealt with, whether by reinvestment or distribution amongst certificate holders.
- (r) Provisions to secure that any holder of a unit or sub-unit shall be entitled on demand without payment to be furnished by the trustee with:—
  - (i) A copy of the last half-yearly account,
  - (ii) Any changes in the items comprising the underlying securities since the date at which that account was made up,
  - and upon payment of not more than 2s. 6d.,
  - (iii) A copy of the trust deed.
- (s) An express provision that the price at which the managers will sell units or sub-units shall not exceed :—
  - The market cost price of the underlying securities making up a unit or sub-unit at the time of the sale of the unit or sub-unit plus the usual brokerage and expenses of purchase loading and fiscal charges and a proper proportion of undistributed income except that the price charged may be made up to the nearest 3d. above the price ascertained as above mentioned.
  - With a covenant by the managers that they will on demand furnish to any purchaser from them of a unit or sub-unit a statement showing how the price paid by him was made up and that they will refund to any purchaser from them of a unit or sub-unit the excess (if any) charged on the sale thereof beyond the figure above mentioned.

#### Form of Certificate for Units and Sub-Units.

Certificates issued for units and sub-units must :—

1. Be signed or countersigned by or on behalf of the trustee with at least one autographic signature.
2. Contain a reference to the deed of trust or agreement constituting the fixed trust, giving the date and parties thereto and a statement of the right of the holder to require to be furnished with a copy upon payment of not more than 2s. 6d.
3. Give sufficient particulars of the method by which the same can be transferred or surrendered in exchange for a new certificate.
4. State what (if any) obligation the managers or the trustee take to re-purchase units or sub-units and if no obligation is taken a statement that there is no such obligation.
5. Contain a notification of the right of the holder :—
  - (a) To inspection of the half-yearly accounts.
  - (b) To take delivery of or require the trustee to sell the underlying securities constituting a complete unit on surrender of a complete unit.
6. Contain a summary of the provisions of the deed :—
  - (a) Regarding the remuneration or rights or benefits of the trustee and managers under the deed.
  - (b) Regarding exercise of voting rights on underlying securities.
  - (c) For giving notices to certificate holders.

#### Provisions Regarding Half-Yearly Accounts.

Within 14 days of fixed dates to be specified in the trust deed the trustee shall at least once each half-year cause to be made up and certified by professional

accountants approved by him an account covering the income distribution made up to such half-yearly date which shall show :—

- (a) The full amount of all cash dividends and bonuses or distributions per unit or sub-unit received by the trustee during the half-year in question in respect of each of the underlying securities and the amount of tax (if any) that has been deducted therefrom before receipt by the trustee ;
- (b) Similar information with regard to any dividends, bonuses or cash distributions received free of income-tax or without deduction of tax ;
- (c) Any other cash receipts of the trustee during the half-year in question which it is proposed to distribute showing whether such distributions are in the nature of income or capital and from what source they arose ;
- (d) The amount of all deductions or charges (if any) in respect of the remuneration or expenses of the trustee and managers and under what provision of the trust deed the same are authorised ;
- (e) The net amount proposed to be distributed in respect of the half-year in respect of each unit or sub-unit distinguishing between capital and income ;
- (f) A statement of the underlying securities and cash (other than cash to be distributed) which at the date of the account constituted a unit or sub-unit ;
- (g) The amount (if any) released in respect of the half-year to the trustee and the managers in respect of their remuneration and/or a certificate from the trustee that there was in the opinion of the trustee an adequate amount still in hand to cover future remuneration of trustee and managers.

There shall be sent by post to each or the first-named registered holder of a unit or sub-unit or as he may in writing direct and shall be delivered at time of payment of the coupon to each bearer of a bearer unit or sub-unit or coupon a summary of the said statement as it affects the distribution in respect of the relative unit or sub-unit with a suitable declaration in a form which will be accepted by the Inland Revenue Authorities showing what (if any) part of the distribution in respect of the half-year represents income and the rate or amount of taxes which have been deducted either by the trustee or by the companies concerned or paying agents, what (if any) part has been received free from deduction of tax and what (if any) part represents a distribution of capital not liable to tax.

#### Provisions Regarding Circulars.

Any circular (which shall be deemed to include a descriptive booklet) issued to members of the public with regard to a fixed trust, whether the same actually offers or invites applications for units or sub-units for sale or not, shall contain the following information :—

1. The name and address of the trustee and the accountants who are to certify accounts.
2. The name and address of the managers and when they are a company the names of the directors, manager (if any) and secretary.
3. By whom the voting power on the underlying securities is to be used.
4. What (if any) obligation the managers or the trustee take to re-purchase units or sub-units and if no obligation is taken, a statement that there is no such obligation.

5. Full information regarding the remuneration of the trustee and managers and how this is provided for and what (if any) charges are payable on distribution of capital or income.
6. A summary of the provisions of the deed regarding changes in the underlying securities, who has the authority to make the changes, and how proceeds of realisation of underlying securities are to be dealt with.
7. A summary of the provisions regarding the right of a unit-holder to take delivery of or to require the trustee to sell underlying securities constituting a complete unit on surrender of a complete unit.
8. A summary of the provisions with regard to the transfer of units and sub-units or the surrender of units or sub-units in exchange for a new certificate.
9. If any reference is made to the yield to be obtained from a unit or sub-unit the circular must clearly show whether anything other than cash dividends or cash bonuses has been taken into account in calculating the yield and on what basis distributions other than cash dividends or cash bonuses have been dealt with and what adjustments have been made to allow for decrease in value of securities affected by such distributions.
10. Such circular shall in addition contain a statement that a certificate of recognition has been obtained from the Stock Exchange but that this merely indicates that members of the Stock Exchange are allowed to buy and sell units and sub-units and does not imply any approval by the Stock Exchange of the merits of the particular fixed trust or its selected investments.

#### Provisions Regarding Advertisements.

Any advertisement with regard to a fixed trust which refers to a certificate of recognition granted by the Stock Exchange, shall state that this merely indicates that members of the Stock Exchange are allowed to buy and sell units and sub-units and it is not to imply any approval by the Stock Exchange of the merits of the particular fixed trust or its selected investments.

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## THE CALCULUS OF PLENTY.

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### The Norman Lockyer Lecture of 1935, by Sir Josiah Stamp, G.C.B., D.Sc.

This is a particularly informative lecture and should be read by everyone who desires to understand the true position of the subject loosely expressed by such phrases as "In the midst of plethoric plenty the people perish" (Carlyle, 1835); "The modern world suffering from the curse of plenty" (Winston Churchill); "Impoverishment through plenty" (Sir Arthur Salter).

The purpose of the lecture is, in the author's own words, "to analyse *plenty* mainly in its quantitative aspects, because according to the separate elements of its causation must depend diagnosis, and the validity of all the reasoning which proceeds from the basic assumption of plenty."

Following an acute examination on the question of technocracy and potential plenty involving such statements as, for instance, the claim that 100 men in modern brick plants, working steadily, can produce all the bricks the United States need; that one man in one hour (in relation to pig iron) does what it took 650 hours to do 50 years ago; that at a 50 per cent. increase in price an

automobile can be produced which will run 350,000 miles without an overhaul; and many other similar statements, Sir Josiah proceeds to show the practical difficulties which render such theoretical ideas impossible of attainment. The loss in machine capacity is very exhaustively investigated and it is clearly demonstrated that it is practically always below (to varying extents) the theoretical figure, due, of course, in large measure to the different intensities of market demand.

A further aspect deals with "gluts, over-production, restriction and destruction," in which a reference is made to the fact that between 1931 and 1934, 27,000,000 bags of Brazil coffee, equivalent to nearly two years' requirements, were destroyed. At a later stage, speaking on the measurement of Invention "Plenty," Sir Josiah very truly observes that in finding capital for pioneer work, "capital is shy until proof is positive."

Any student desiring to reach a better knowledge of the subject can confidently be recommended to expend one shilling in obtaining a copy of this invaluable lecture, which is obtainable from the British Science Guild, 6, John Street, Adelphi, London, W.C.2.

## Society of Incorporated Accountants and Auditors.

### MEMBERSHIP

The following additions to and promotions in the Membership of the Society have been completed since our last issue:—

#### ASSOCIATES TO FELLOWS.

**BAILEY, GEOFFREY THOMAS**, County Accountant, Gloucester County Council, Shire Hall, Gloucester.

**BAXTER, NORMAN DARTNELL** (Charles S. Freake & Co.), Acme House, Gladstone Street, East London, South Africa, Practising Accountant.

**BRAHMAYYA, PARVATANENI, B.A.** (Brahmayya & Co.), 121, Armenian Street, Madras, Practising Accountant.

**CHAKRAVARTY, NARES CHANDRA, M.A.** (N. C. Chakravarty & Co.), 10, Old Post Office Street, Calcutta, Practising Accountant.

**HAMER, JAMES DEARDEN** (J. D. Hamer & Co.), 124, Corn Exchange Buildings, Hanging Ditch, Manchester, Practising Accountant.

**HOGG, ROBERT BLACKLOCK, M.C.** (Whiteley Bros.), New Clewer House, Simmonds and Commissioner Streets, Johannesburg, Practising Accountant.

**PHILLIPS, BENJAMIN LLEWELLYN** (Phillips & Boyle), Cefn Mably Chambers, 9, Quay Street, Cardiff, Practising Accountant.

#### ASSOCIATES.

**ANDERSON, DOUGLAS IAN EVANS**, with Roberts, Allsworth, Cooper Bros. & Co., P.O. Box 2536, Johannesburg.

**BARRETT, JOHN PERCY**, with F. A. Webber, British Dominions House, St. Augustine's Parade, Bristol.

**BAYLIFFE, JAMES LESLIE**, with T. N. Steel & Co., Union Bank Chambers, Market Place, Huddersfield.

**BECKER, CLIVE ANTHONY PAVEY**, with C. H. Currie, 58, Pim Street, Johannesburg.

**BHATIA, PRITHIR NATH, B.Com.**, formerly with Sahgal Chatrath & Soni, 8, Ferozepur Road, Lahore.

**CARTER, HUGH GORDON**, with Deloitte, Plender, Griffiths, Annan & Co., 201, Consolidated Building, Fox Street, Johannesburg.

**DARKE, ALVERSTONE WARNER**, formerly with D. P. C. Blair, 23, Aegis Building, Loveday Street, Johannesburg.

**DUDLEY, JOSEPH GILBERT**, with Collins & Croxford, P.O. Box 403, Salisbury, S. Rhodesia.

**GIBSON, WILLIAM BRIAN**, with T. J. Paxton, P.O. Box 1122, Pretoria, South Africa.

**HALFORD, JOHN ALLAN READING**, with Ollett, Janes & Silly, 54, Victoria Street, Paignton.

**HAMILTON, MAURICE DAVID**, formerly with Carruthers, Tucker & Higgerty, 901-910, Shell House, Rissik Street, Johannesburg.

**HART, JOSEPH**, with Crinkley & Co., 12, Bow Lane, London, E.C.4.

**HEWITT, JOHN FRANCIS**, formerly with J. R. Wootton, P.O. Box 253, Benoni, South Africa.

**HONE, HAROLD BRINDLEY**, Audit Department, Government of Rhodesia, Livingstone, Rhodesia.

**JEAL, FRANK WILLIAM**, formerly with G. E. Stringer & Co., 15-16, Thavies Inn, Holborn Circus, London, E.C.1.

**MEESER, RONALD DUDLEY**, with Deloitte, Plender, Griffiths, Annan & Co., 201, Consolidated Building, Johannesburg.

**MEREDITH, GEORGE**, with Henry Swarbrick, 11, Cheap-side, Bradford.

**PARKES, JOHN JOSEPH**, Principal Accountants' Department, Mersey Docks and Harbour Board, Dock Office, Liverpool.

**READ, HENRY AVORY**, with Whiteley Brothers, P.O. Box 2162, Johannesburg, South Africa.

**SAVAGE, JOHN NEWALL**, with E. J. Williams & Co., 14, Lowther Street, Carlisle.

**SOMERFIELD, LESLIE HUBERT**, with R. H. Bridgwaters & Co., 3, New Street, Birmingham.

**SUMNER, FRANCIS JOHN**, formerly with Deloitte, Plender, Griffiths, Annan & Co., 201, Consolidated Building, Fox Street, Johannesburg.

**SUTHERLAND, FELIX WILLIAM**, with G. K. Tucker & Wilson, Calcutta House, Loveday Street, Johannesburg.

**THOMAS, EDWARD ARNOLD OAKLEY**, with Deloitte & Co., Bechuana House, Manica Road, Salisbury, Rhodesia.

**TUNE, ALFRED CHARLES**, with Brooke-Smith, Burridge & Co., London and Lancashire Buildings, 44, Corn Street, Bristol.

**VAJIFDAR, SHAVAK FRAMROZ, B.A.**, formerly with Damania, Panday & Bajan, Navsari Buildings, Hornby Road, Fort, Bombay.

**WHITELEY, HUGH WILLIAM PRESTON** (Whiteley Bros.), P.O. Box 2162, Johannesburg, Practising Accountant.

## QUESTION IN PARLIAMENT.

### Companies Acts.

On December 17th Sir A. M. Samuel asked the President of the Board of Trade whether he would set up a Departmental Committee to inquire into and report upon the flaws and weaknesses of the Companies Acts, 1928 and 1929?

Mr. Runciman : I do not consider that the time is yet ripe for the appointment of a committee to consider amending legislation.

## Modern Problems in Accountancy.

SYNOPSIS of a lecture delivered to the Yorkshire District Society of Incorporated Accountants, at Huddersfield, by

**Mr. R. GLYNNE WILLIAMS, A.C.A**

Mr. WILLIAMS said : To-day many problems in accountancy confront the practitioner and student, and in the time at my disposal it is proposed to discuss a number of topical problematical aspects of accountancy in the hope that my remarks will not only provide the members of my audience with some food for thought, but also provoke an interesting discussion at the conclusion of my address.

### PUBLISHED PROFIT AND LOSS ACCOUNTS.

Sect. 123 (1) of the Companies Act, 1929, provides that the directors of every company must lay before the company in general meeting a profit and loss account, not later than eighteen months after the incorporation of the company, and, subsequently, once at least in every calendar year the directors must cause to be made out and to be laid before the company in general meeting a balance sheet as at the date to which the profit and loss account is made up. Sect. 130 provides that any member of a public company, entitled to receive notice of the general meetings of the company, shall be sent a copy of every balance sheet, including every document required by law to be annexed thereto, together with a copy of the auditor's report, not less than seven days before the meeting. The profit and loss account is not a document required to be annexed to the balance sheet for the purposes of sect. 130, and although in practice the profit and loss account which is to be laid before the meeting is usually circulated with the balance sheet, there appears to be no legal necessity to do so.

The directors are responsible for the form of the profit and loss account, and it is suggested that the provisions of sect. 134 of the Act should be extended in such a manner as to require an auditor to report specifically upon the published form of profit and loss account.

No indication is given in the Act of the nature of the information to be contained in the profit and loss account (apart from the possible disclosure of the aggregate total of directors' fees—sect. 128), or of the form which the statement should take. It is left to general practice to dictate a form of profit and loss account, and many arguments might be advanced in favour of the compulsory publication of a fairly detailed profit and loss account showing at least the information referred to later.

An inspection of the actual published accounts of many companies reveals the fact that there are two main categories into which companies may be placed from the point of view of the interpretation of those provisions of the Act which relate to profit and loss accounts :—

(1) Those companies that merely publish an abbreviated profit and loss account, showing a statement of the balance brought forward, the net profit (or loss) for the year, the appropriations from the amount available for distribution, and the final balance carried forward. The majority of companies appear to fall within this group.

(2) Those companies that publish a detailed and informative profit and loss account giving a clear view of the trading results during the period covered by the account.

It is interesting to observe the views expressed by a leading member of the profession (Lord Plender) with regard to the question of disclosure in the profit and loss account :—" Whilst I feel that a stereotyped form of

profit and loss account is not practicable, I think that in the preparation of a profit and loss account certain general principles should be followed in order to ensure as far as possible that the net results fairly attributable to the year's operations upon a basis comparable year by year should be shown, and that extraneous and abnormal items should be stated separately."

In so far as members of the accountancy profession are concerned, although there appears to be a considerable diversity of opinion as to the amount of information that should be disclosed in the profit and loss account and the principles that should be followed in its preparation, it is desirable that members of the profession should make up their minds on these points and advise directors to disclose, apart from the normal appropriations of profit, the amount of each of the following items :—

1. The actual trading profit, after deduction of normal expenditure.
2. Remuneration paid to *all* directors.
3. Total income from investments, particularly from subsidiary and associated companies.
4. Total provision for depreciation.
5. Abnormal debits or credits of a non-trading nature.
6. Transfers to and from reserves.

### FIXED ASSETS.

Before the passing of the Companies Act, 1929, a common fault of the usual form of published balance sheet was the paucity of the information disclosed therein, and it was fairly usual for a company to publish a balance sheet which, by means of the aggregation of balances of a similar and dissimilar nature, and by vague descriptions of the items, gave little indication of the true state of affairs of the company. The provisions of the Act, which require disclosure in the published accounts, were designed to improve this position, and although the adequacy of these provisions has been criticised it cannot be denied that the Act has, to a considerable extent, succeeded in improving the marshalling and disclosure of information in balance sheets.

The main provisions with regard to disclosure are contained in sect. 124, and in order to comply with these provisions fixed assets must be kept apart from floating assets, and no single item which is a combination of fixed and floating assets should appear in the balance sheet. It is not necessary to label the assets in groups as fixed and floating, provided they are clearly separated, but some companies have adopted the use of side-headings—an excellent device—with a view to extending the separate totals of fixed and of floating assets. Where any doubt exists as to whether an asset is fixed or floating it should be regarded as fixed and the basis of valuation indicated.

The section provides that the balance sheet must state how the values of the fixed assets have been arrived at. Apparently, the provisions are complied with if an asset is described as "at cost, less depreciation," for this indicates the general method of valuation, although the adequacy or otherwise of the calculation of depreciation cannot be checked. The letter of the law does not require the amount of depreciation provided to be disclosed, and although, without it, the prudence of the valuation has to be taken for granted unless a special investigation is made, it is not usual for a published balance sheet to show more than the letter of the law requires. It is considered that it would be more satisfactory if the law demanded a statement of the history of the fixed assets, including disclosure of the amount or rate of depreciation.

## RE-DRAFTED BALANCE SHEETS.

In order that shareholders may be furnished with a more lucid statement of the position of the company, the normal form of published balance sheet might be re-drafted and issued as a supplement to the usual annual form of balance sheet. It is suggested that the re-drafted statement might take one of the following forms :—

## A.

Total Fixed Assets (stating separately tangible and intangible assets), less depreciation provisions, as shown by Balance Sheet, at end of year .. ..	£
<i>Add</i> Total Floating Assets, as shown by Balance Sheet, at end of year .. ..	<u>  </u>
<i>Deduct</i> Total Liabilities (excluding Debentures) and specific provisions, as shown by Balance Sheet, at end of year .. ..	<u>  </u>
Excess of assets over liabilities and specific provisions .. .. .. ..	<u>  </u>

This is represented by :—

Total Debenture issues .. .. ..	£
Total Issued Share Capital .. .. ..	£
Total of the General or Free Reserves (including balance of Profit and Loss Account) .. .. .. ..	<u>  </u>

## B.

## (Debit Side)

Current External Liabilities—	£
Balance Working Capital c/d .. ..	<u>  </u>
Funded Liabilities—	<u>  </u>
Surplus of Tangible Assets over External Liabilities c/d .. .. ..	<u>  </u>
Issued Share Capital .. .. ..	<u>  </u>
General and Free Reserves .. .. ..	<u>  </u>
Profit and Loss Account .. .. ..	<u>  </u>

## (Credit Side)

Liquid and Floating Assets .. .. ..	£
Working Capital b/d .. .. ..	<u>  </u>
Fixed Assets .. .. ..	<u>  </u>
Surplus of Tangible Assets b/d .. .. ..	<u>  </u>
Intangible Assets .. .. ..	<u>  </u>

## VALUATION OF GOODWILL.

For many years goodwill was generally valued on the basis of the purchase of a certain number of years' average profits, e.g., three to five years' purchase (in fact, the estimation of the value of goodwill on the sale of a professional accountancy practice is still computed on the basis of three to five years' purchase of the gross fees), but it is now usual to adopt the super-profits basis of computing the value of goodwill in the case of trading concerns. If the average profits of a business are greater than those normally earned in similar businesses, the excess is deemed to be due to goodwill, which is thus taken as the capitalised value of profits in excess of the investment yield of the net capital actually employed.

For example, if the average profits of a business over an agreed period amount to £17,000 per annum, and the normal commercial yield on capital invested in such a business is deemed to be 8 per cent. per annum, then, assuming the net capital invested in the business to be

£100,000, the excess of the average profits (£17,000) over the normal profits (£8,000, i.e., 8 per cent. on £100,000) represents the goodwill or super profits. Thus, in this case, the super profits amount to £9,000 per annum, and this figure would be taken as the basis of computation of goodwill. The amount of money which would be required to be invested at 8 per cent. to yield £9,000 per annum is £112,500. If the future profits could be regarded as fixed at £17,000 in perpetuity, £112,500 might be regarded as a fair price to pay for the right to enjoy them, but in practice it is most unlikely that such a large amount would be paid. Competition and other factors will all tend to reduce the profits to the common level enjoyed by other concerns. The most scientific method of valuing goodwill is to take the present value of a terminable annuity of the super profits for a reasonable period. If ten years is taken as a reasonable period, the value of an annuity of £9,000 per annum, taking compound interest at 8 per cent., is found to be £60,391.

Alternatively, goodwill might be valued at a certain number of years' purchase of the super profits, without introducing the complication of an annuity calculation. Thus, at five years' purchase its value would be £45,000; at six years' purchase £54,000; and at seven years' purchase £63,000. The proper basis of calculation is a highly technical matter, depending on the nature of the business concerned, the locality in which it is carried on, the current condition of the investment market, and many other factors.

## VALUATION OF UNQUOTED SHARES.

In practice, the accountant is often confronted with the task of placing a value upon the shares of private companies, and the following matters, *inter alia*, must be borne in mind during this part of the work of a practising accountant :—

- (1) The nature of the business.
- (2) The effect of the absence of a free market for the shares.
- (3) The bases of valuation of the assets, the adequacy of the reserves, and the existence and extent of any secret reserves.
- (4) The rights of shareholders as to dividends and capital.
- (5) The general economic position of trade.

The shares may be valued on the assets basis, the profits basis, or the yield basis; in fact, a combination of the three methods is advisable, i.e., the final value of the shares is determined as an average of the results obtained by the individual methods.

In the case of the assets basis, the assets behind the shares are re-valued on a fair "going concern" basis and profits are ignored, except as regards the necessity for evaluating goodwill. The total of such assets, less the amount of the liabilities and prior claims, will represent the shareholders' fund, and the division of this fund by the number of shares issued (subject to the deduction of the higher of par or redemption value of the preference shares) will represent the assets value of an ordinary share.

In the case of the profits basis, the average profits over an agreed term of years are capitalised on the basis of the expected yield, and in the case of the yield basis the average dividends are similarly capitalised. Particular attention should be paid in both cases to the determination of the expected rate of yield.

## PROFITS AND LOSSES OF SUBSIDIARIES.

Quite irrespective of the manner in which the final accounts of a holding company are presented (e.g., whether or not a consolidated balance sheet is prepared), the profits and losses of subsidiary companies, in so far as they apply to the holding company, must be accounted for according to recognised accounting principles.

Dividends declared by a subsidiary company and duly received by the holding company may be credited to profit and loss account, the debit being to cash, while dividends declared but not yet received may likewise be credited to profit and loss account, but debited to subsidiary company current account. If credit is taken by the holding company for its share of profits not yet declared as dividend by the subsidiary company, it is suggested that the debit should be made to subsidiary company—dividend suspense account (as a legal debt has not arisen), and the credit should be made to general reserve account. When a dividend is received at a later date the former account can be credited and an equivalent transfer made from general reserve account to profit and loss account.

The holding company's share of the losses of a subsidiary company may either be written off the book value of the investment in subsidiary companies or carried to a special investment reserve account, which will be available for writing down the investment at a later date. This treatment reflects the fall in the intrinsic value of the holding of shares in the subsidiary company, which must necessarily be involved when losses are incurred and the resources of the subsidiary company are depleted. If profits are earned in subsequent years, the subsidiary company will probably make good the debit balance on its own profit and loss account before declaring any dividend; and it will be quite in order for the holding company to take credit for its share of those profits by reversing the previous entries.

Where a holding company acquires shares in a subsidiary company which at the date of purchase of the shares has a credit balance on profit and loss account or a general reserve, representing undistributed profits, these items must be specially treated in the balance sheet of the holding company. From the point of view of the holding company, the price paid for the shares in the subsidiary company will include (in the absence of agreement to the contrary) the proportionate share of undistributed profits attaching to such shares, by way of either a premium or a cum-dividend quotation. Any dividends received by the holding company, which have been declared out of these profits, are, in effect, a return of that part of the purchase price of the shares which represents undivided profits. As such, the dividend received should be credited against the cost of the investment to reduce the latter to its true ex-dividend cost or to eliminate or reduce the premium.

The first dividend received by the holding company will usually require to be apportioned by reference to the period of the profit and loss account out of which it has been declared, assuming that the dividend has been declared out of profits earned during the year in respect of which the dividend is expressed to be payable. If, however, the divisible fund of profits has been augmented by transfers from reserves which existed at the date when the shares were acquired, the dividend should be regarded as payable out of current profits and out of reserves *pro rata*, the amount payable out of profits being apportioned, and the amount payable out of reserves being credited against the cost of the investment.

Losses existing at the date of acquisition of the shares by the holding company will not usually cause any adjustment to be made in the valuation of the holding, since the price paid for the shares will have taken into account any accumulated losses. The holding company's share of current losses shown by the first profit and loss account will require to be apportioned on a time basis.

## The Incorporated Accountants' Birmingham and District Society.

### ANNUAL DINNER.

The annual dinner of the Birmingham and District Society of Incorporated Accountants was held at the Queen's Hotel, Birmingham, on January 6th, under the chairmanship of the President, Mr. Arthur W. Watson. Amongst those present were :

The Lord Mayor of Birmingham (Alderman S. J. Grey), Mr. R. Wilson Bartlett (President, Society of Incorporated Accountants), Mr. O. E. Simmonds, M.P., Mr. Walter L. Chance, J.P., the Mayor of Coventry (Alderman C. Payne), the Mayor of West Bromwich (Councillor J. H. Wills), Major F. W. Smith (President of Chamber of Commerce, Birmingham), Mr. J. A. Vann (President, Birmingham Jewellers' and Silversmiths' Association), Col. B. J. T. Ford, F.C.A. (General Manager, *Birmingham Post*), Dr. P. D. Innes, M.A., D.Sc. (Birmingham Education Officer), Mr. C. Hardacre (General Manager, *Birmingham Gazette*), Mr. R. Kynoch Clark (Official Receiver), Mr. J. R. Johnson, F.S.A.A. (City Treasurer, Birmingham), Mr. H. B. T. Wilde (President, Birmingham and District Society of Chartered Accountants), Mr. E. W. Record, Mr. A. E. Baldwin (President, Midland Auctioneers' Institute), Professor C. E. Smalley-Baker (Dean of the Faculty of Law, University of Birmingham), Mr. C. C. Bensted (Inspector of Taxes), Mr. S. G. Glanfield (Registrar, County Court, Birmingham), Mr. J. G. Gray (President, Midland Federation of Building Trades Employers), Mr. C. J. C. Larkins, Mr. J. H. Pearson, O.B.E., Mr. W. Bernard Challen, Mr. T. O. Gray, Mr. E. E. Edwards (Parliamentary Secretary, Society of Incorporated Accountants), Mr. W. A. Nixon (President, Manchester District Society), Mr. H. Cunningham (President, Sheffield District Society), Mr. Harold R. Horne (President, Nottingham, Derby and Lincoln District Society), Mr. Oswald Coope (President, Yorkshire District Society), Mr. E. T. Brown, F.S.A.A., Mr. P. G. Stenbridge, F.S.A.A., and Mr. John J. Potter (Honorary Secretary, Birmingham Society).

After the Loyal Toast, the CHAIRMAN announced two alterations in the toast list. Their Vice-President (Mr. E. T. Brown) had, he regretted to say, received a letter from the private secretary of the Earl of Dudley, stating that Lord Dudley had been ordered abroad for his health. The letter contained this passage : "Lord Dudley wishes me to assure you of his distress at not being able to be with you, and he would like you to convey to the members his good wishes for a most successful evening." Mr. Watson also mentioned that he had received a telephone message from Sir Herbert Austin, who was suffering from influenza, and had apologised for his inability to attend by saying, "it would be suicide for me to attempt to come this evening." Fortunately, the Chairman added, they had been able to secure the Mayor of Coventry and Col. B. J. T. Ford to propose the toasts standing in the names of those two absent gentlemen.

The MAYOR OF COVENTRY (Alderman C. Payne), in proposing "The City of Birmingham," said he greatly appreciated the fact that so many prominent citizens were represented there, and he heartily congratulated them in that Birmingham was perhaps the most prosperous industrial centre in the world.

The LORD MAYOR OF BIRMINGHAM (Alderman S. J. Grey) in response thanked his Coventry colleague for the generous spirit he had shown towards the citizens of Birmingham, and remarked that as the pioneer services and statesmanship of Mr. Joseph Chamberlain had been mentioned, he might recall that this was the centenary of his birth. He hoped that Birmingham would in some suitable way celebrate this centenary in recognition of one to whom the city owed so much. One recent national achievement of some importance was that Mr. Neville Chamberlain, as Chancellor of the Exchequer, had brought down the rate of investment returns from 5 per cent. to 3½ per cent., and it was to him that they owed very largely the rearrangement of their finances to-day. It was very gratifying to notice, the Lord Mayor added, that Coventry as well as Birmingham was enjoying a large measure of prosperity. (Hear, hear.)

At this stage the CHAIRMAN called on Colonel B. J. T. Ford, F.C.A. (whom he congratulated on behalf of the Society on the honour of knighthood which was to be conferred upon him), to propose the toast of "The Society of Incorporated Accountants."

COLONEL FORD, in his introductory remarks, made several amusing allusions to the work of the profession. He realised that there was a great deal of truth in the saying—and of course accountants always acted strictly in accordance with precedent—that this was an age of substitution. People would tell them, he proceeded, that figures were cold and hard things. But they as accountants found romance in them; so much so that in these days they were able to induce charming ladies, one of whom graced their festive board that evening, to come into the profession—a thing which years ago was unthought of. Belonging to a strangely old profession, perhaps they did not realise quite how old it was; but some 2,500 years ago they found, according to the Book of Daniel, that there were appointed three presidents, of whom Daniel was first, who were placed over the whole kingdom of Persia with this one object: that the Princess might give account unto them, and that the King might have no damage. From that time onwards the profession of accountancy had increased, until it had become to-day one of those great professions without which the economic basis of this country and of the world generally would be more or less impossible to maintain. To-day they realised that accountancy meant much more than putting two and two together to make four. That, perhaps, was the principle on which they were bound to work; but the old and honoured tradition of the trial balance had largely passed from its first glory, and the profession was now essentially advisory in very many aspects of our economic life. The profession to which he, as well as they, had the honour to belong, and which had permitted him to occupy the position he did that evening, was one which required certain attributes to which every one of them would subscribe. It had to be, in a sense, a silent profession, and one founded on public and private confidence. Without that the profession would be useless. As education progressed, as international affairs, finance, commerce and industry all became more complicated, it was essential for them to realise this—that detail was a good servant but a bad master. They had to sweep on one side detail which in the old days there was plenty of time to deal with, because nowadays they found it necessary to take short cuts in reading what figures meant, and so to be able to understand the romance, the success, the achievement, and also the failure and tragedy, which often lay in a balance sheet. They could often read the character and ability of their client by his balance sheet. It was for them to see the methods by which success could be obtained, and by which

there might be reared out of failure something which was far greater, something which could convert failure into success. It was because they knew the meaning of figures, because figures spoke to them as they could not speak to other people; because they were called in as impartial individuals who saw plainly and simply, and inside it all the truth, that they became the custodians of many secrets and the guardians of great responsibilities. It was to them that the public looked for protection in great undertakings in which they risked their all; that they should be honest with them and protect them. This was an amazingly honourable position of trust; and when that trust, as in their profession, was never betrayed, but was held inviolate and became their study, not for themselves but for those who trusted in them, then the profession was building up a tradition which redounded to its honour. Remarking that knowledge is power, Colonel Ford said that often in great undertakings, and even in small ones, it was the lack of knowledge, and of ability to link together the various elements in proper and accurate proportions which had to be corrected to avoid financial disaster. The Incorporated Society had a wonderful history. It had grown up side by side with the institution to which he belonged, and it was not a rival but a brother. (Hear, hear.) Both sought the same goal—the honour and advancement of the profession of accountancy. If they realised adequately what the education of an accountant really meant, and how it fitted him to enter into various branches of life in commerce and industry, and to bring a sound judgment to bear on every problem, then he believed they would appreciate that there was a call throughout the whole world of commerce and industry for men like themselves, possessing expert knowledge of figures and finance, to go into industry and help it along. There were splendid opportunities to-day for men of ripe judgment and keen insight—men who were not academic and pedantic—who could see what figures meant and read the writing on the wall, and make it known to those who had not that power of interpretation. They had shown through the medium of their Society, which had grown to a membership of between 6,000 and 7,000, that men trained in their profession, possessing understanding and experience, were men who would make their impress on the commercial life of any country. They had also shown by the establishment of a Research Board, of post-graduate courses and of their Advisory Committees, that the governing body was dealing with the questions of the day wisely and well. He wished the Society every possible success, and in urging them to keep up the Society's tradition, emphasised that the world was clamouring for accuracy, for efficiency, for knowledge, for understanding and vision, and for confidence. Given that, their profession was assured and would go on from strength to strength; and they would all realise that it gave them a great authority, a great freehold, and a great power to help their fellow men, not only in the professional sphere but in many other walks of life. (Applause.)

MR. R. WILSON BARTLETT (President of the Society of Incorporated Accountants and Auditors), acknowledging the toast, complimented Colonel Ford on a brilliant speech, and on behalf of all present tendered him their sincere thanks. That happened to be his first public appearance as President of the Society in the present year, and he would like to extend to all present, and to every member of the Society, his best wishes for good health, improved business and greater prosperity during the year just entered upon. Now their Society, by securing that accountants who obtained their qualifications had a real knowledge of accountancy not only from a theoretical standpoint, but by virtue of practical training, might be

said to assist trade and commerce in two directions. In the first place, as Col. Ford said, it produced practising accountants who were well fitted to give their clients skilled and honest advice, unmoved by fear or by reckless expectations. In the second place their training was of real advantage in case they were called upon to serve on boards of directors, or to enter commerce as members of business units. That was why as a Society they were doubly concerned to ensure that their education should be maintained at a very high standard, all the more so as in these days the public looked on the senior accountants' organisations as a guarantee of the ability and integrity of their members. The practising accountant was frequently faced with problems which were not at all easy to solve. In that connection he was glad to learn that the Birmingham District Society had followed the example of the Liverpool Society in establishing consultative panels of practising accountants. These panels enabled any Incorporated Accountant in the District Society who was seeking guidance on a particular problem to invoke the aid of his colleagues on those panels. He was informed that since they were set up in May of last year, the panels had been of the greatest possible assistance on several occasions. He wished also to congratulate the Birmingham District Society on the progress it had made in the matter of library facilities. Not only had the number of books been greatly increased, but an arrangement had recently been made with the Birmingham Law Society to enable the Society's library to be housed in the spacious and attractive building which contained the Law Library. This provision should be of great assistance to members and students, because they were not only able to obtain a better supply of technical books, but were also able to hold their meetings, lectures and discussions in the Library building. In view of the grave problems which were bound to occupy the immediate attention of Parliament, he supposed that it would be somewhat optimistic to expect that the Board of Trade would find time to introduce a new Companies Act. Some seven years had elapsed since the last Act was introduced, and possibly no one would deny that the experience gained during that period had shown a number of directions where reform was urgently called for. They would perhaps remember the proposals which a Committee of their own Society made some four years ago, chiefly with regard to holding companies. That report was forwarded to the Board of Trade, and he believed that that Department had now lying on its files a very large number of other suggestions from various quarters. He thought that if there was not sufficient Parliamentary time to introduce a new Bill, then the powers that be should endeavour to form a Committee with a view to examining the proposals for reform which had been put forward. If a strong and representative Committee were appointed now, it would not be any too soon; for there was a great deal of material to occupy their earnest attention, and by the time their report had been prepared, and considered by the Board of Trade, and a Bill drafted and placed before the House of Commons, a whole decade would have elapsed since the passing of the previous Companies Act. He would suggest to the Member of Parliament present that this was an important question which could engage his attention, and also the attention of other Members interested in commercial affairs. In conclusion, Mr. Bartlett reminded the members of the scheme drawn up by the Council in memory of his predecessor, Sir James Martin, who contributed 50 years of devoted work to the building up of their Society, of which he was the virtual founder. In order that this memorial should be worthy of one who was a great man in the profession, he trusted that each member in that District Society would do his best to make

the fund adequate for the object in view. At the same time he would like to congratulate the Chairman on attaining the proud position which he occupied, especially as he was at the head of the third largest District Society in their organisation. Mr. Bartlett added a word of thanks to Mr. John J. Potter, the Honorary Secretary of the District Society, for the splendid work he was so assiduously carrying on. (Applause.)

Mr. OLIVER E. SIMMONDS, M.P., submitted the toast of "The Trade and Industries of Birmingham," and, remarking that their President had put to him a question of substance, said he would convey to Mr. Walter Runciman their fears and hopes. Perhaps in the course of a few weeks he might then be able to write and tell their President whether there was any possibility of introducing the desired measure during the coming months.

Major F. W. SMITH (President of the Birmingham Chamber of Commerce) replied, and observed that it was significant that the incorporation of their Society coincided with the period when industry in the city entered upon its most prosperous years. Many businesses could date their success from the time when they called in members of their profession to advise them and audit their accounts. Other businesses dated their success from the time when they adopted methods of costing and up-to-date methods of internal organisation, and in this connection he suggested that accountants' societies should make greater efforts to fit their members to advise upon and control what he might describe as the manufacturing and internal accountancy of industrial concerns.

The CHAIRMAN proposed the toast of "Our Guests," whom he referred to as "our friends," and said they were glad to welcome so many distinguished gentlemen, many of whom he alluded to personally. The Birmingham Society would wish him to congratulate Col. Ford on the honour of knighthood which had fallen to him, especially as he was a member of their own profession, and added that it was an honour well earned for true citizenship. (Applause.)

Mr. WALTER L. CHANCE, a past-President of the Chamber of Commerce, responded in happy vein.

#### PRICES OF COMMODITIES.

*The Statist* index number of prices of wholesale commodities for December, 1935, is 4.7 per cent. higher than in December, 1934, and is the highest since December, 1930. Compared with the corresponding month last year, the Materials group shows a rise of 8 per cent., but there is a fall of 0.8 per cent. in the Foodstuffs Group. The conclusion deduced from the divergent movements in the course of the year of prices in the two groups is that on the whole the standard of living in Great Britain rose because cheaper prices of foodstuffs coincided with increased values for the products of industry.

#### Accountants' Dispatch Case.

In regard to the notice in the December, 1935, issue concerning the Accountants' Dispatch Case, produced by Messrs. Gee & Co., Limited, we are asked to say that the case can only be obtained from the City Library, 27-28 Basinghall Street, London, E.C.2.

**COMPANY REGISTRATIONS  
AT  
SOMERSET HOUSE**

The following Statistics, relating to New Companies registered at Somerset House during the year 1935, have been compiled by Messrs. Jordan & Sons, Limited, Company Registration Agents, Chancery Lane, London.

Classes.	Public Companies.		Private Companies.		Totals.	
	Number Registered.*	Capital.	Number Registered.	Capital.	Number Registered.	Capital.
Aviation .. . . . .	13	3,298,100	102	1,823,190	115	5,121,290
Advertising .. . . .	1	—	165	184,965	166	184,965
Boots and Shoes .. .	2	800,000	106	432,355	108	1,232,355
Bricks, Cement, &c. ..	18	1,943,900	185	2,230,900	203	4,174,800
Builders .. . . .	7	730,500	868	2,825,762	875	3,556,262
Carriers .. . . .	4	346,290	328	1,199,628	332	1,545,918
Chemicals .. . . .	9	1,161,050	489	2,361,761	498	3,522,811
Clothing .. . . .	4	302,000	963	3,846,880	967	4,148,880
Clubs .. . . .	21	24,700	54	86,875	75	111,575
Drink .. . . .	1	152,000	106	973,000	107	1,125,000
Electricity, Gas and Water ..	22	1,195,600	491	3,319,020	513	2,514,620
Engineers .. . . .	23	3,309,450	705	3,301,474	728	6,610,924
Farmers and Planters ..	10	846,000	102	431,005	112	1,277,005
Food .. . . .	20	1,650,850	976	6,556,488	996	8,207,338
Furniture .. . . .	3	205,000	316	745,352	319	950,352
Glass and Pottery .. .	2	100,100	70	313,025	72	413,125
Hotels .. . . .	8	698,600	165	629,820	173	1,328,420
Insurance .. . . .	3	—	65	679,255	68	679,255
Investment, Finance and Banks ..	18	6,533,650	797	15,456,508	815	21,990,158
Jewellery .. . . .	1	125,000	71	889,621	72	1,014,621
Kinemas .. . . .	12	664,500	326	3,012,940	338	3,677,440
Land and Buildings .. .	49	4,478,300	1,273	14,058,985	1,322	18,537,285
Laundries .. . . .	3	175,100	103	343,150	106	518,250
Leather .. . . .	—	—	77	250,910	77	250,910
Merchants .. . . .	7	1,340,010	596	2,220,950	603	3,560,960
Metals .. . . .	2	465,000	97	747,600	99	1,212,600
Mines and Quarries .. .	39	12,445,650	156	1,805,150	195	14,050,800
Miscellaneous .. . .	36	770,200	323	957,637	359	1,727,837
Motors .. . . .	7	1,035,600	588	1,729,918	595	2,765,518
Music .. . . .	2	—	50	87,300	52	87,300
Newspapers .. . . .	1	100	58	264,705	59	264,805
Nurserymen .. . . .	2	—	67	241,050	69	241,050
Nursing .. . . .	12	50,000	73	263,155	85	313,155
Oil .. . . .	2	1,633,333	54	447,608	56	2,080,941
Photography .. . .	—	—	65	356,737	65	356,737
Printers .. . . .	2	1,075,000	149	455,175	151	1,530,175
Publishers .. . . .	—	—	85	119,080	85	119,080
Rails .. . . .	1	100	4	154,100	5	154,200
Roads .. . . .	6	970,200	31	266,700	37	1,236,900
Rubber .. . . .	4	1,100,000	37	270,500	41	1,370,500
Schools .. . . .	5	—	34	113,750	39	113,750
Shipping .. . . .	4	2,501,000	122	1,106,700	126	3,607,700
Sports .. . . .	21	181,850	275	570,975	296	752,825
Stationers and Papermakers ..	5	601,000	127	1,658,625	132	2,259,625
Textiles .. . . .	6	837,000	436	2,904,846	442	3,741,846
Theatres .. . . .	7	257,000	155	330,465	162	587,465
Timber .. . . .	5	867,000	104	610,420	109	1,477,420
Tobacco .. . . .	—	—	84	327,362	84	327,362
<b>Totals (for year 1935) ..</b>	<b>430*</b>	<b>54,870,733</b>	<b>12,673</b>	<b>81,763,377</b>	<b>13,103</b>	<b>136,634,110</b>
<b>Corresponding figures in 1934 ..</b>	<b>446</b>	<b>69,761,622</b>	<b>12,029</b>	<b>73,778,784</b>	<b>12,475</b>	<b>143,540,406</b>
<b>Corresponding figures in 1933 ..</b>	<b>330</b>	<b>39,857,295</b>	<b>11,054</b>	<b>54,688,261</b>	<b>11,384</b>	<b>94,545,556</b>
<b>Corresponding figures in 1932 ..</b>	<b>255</b>	<b>17,858,458</b>	<b>9,949</b>	<b>52,346,038</b>	<b>10,204</b>	<b>70,204,496</b>

\* In this Column are included 103 "Companies Limited by Guarantee" and "Associations not for Profit" without Share Capital, such Companies being technically Public, however small the Membership may be.

## Income Tax Claims Usually Available to a Trader.

A LECTURE delivered to the Newcastle and District Incorporated Accountants' Society by

**MR. R. H. C. O'CALLAGHAN, LL.B.**  
*Barrister-at-Law; A Senior Inspector of Taxes.*

As the time available is none too long, I propose to treat somewhat sketchily the elementary and straightforward portions of the subject upon which I have been invited to address you. I shall devote attention rather to those points which seem in practice to give rise to difficulties. The opinions I express must be regarded as embodying my personal ideas, and not as authoritative. I hope, also, that you will not hold me to account if some point or qualification I have not had time to mention turns out, later on, to be of importance in your practice.

The majority of the "claims usually available to a trader" arise in connection with losses. It will probably be best, therefore, to deal first of all with the various ways in which an allowance can be obtained in respect of a trading loss.

By a trading loss I mean not a loss on an individual transaction, but a net loss over the trading operations as a whole, shown after adjustment of the balance of the accounts for income tax purposes. (I shall have to qualify this definition when I come to deal with sect. 34 applications.) You will note that a loss must be shown after writing back annual charges such as ground rents, annuities, annual interest, and patent royalties.

### CLAIMS UNDER SECT. 33 OF 1926.

Under sect. 33 of the Finance Act, 1926, a loss can be carried forward for the six following years of assessment to the extent to which relief has not already been given under Rule 13, sect. 34, or "any other provision of the Income Tax Acts." Sect. 33 refers to "a person." By the Interpretation Act, 1889, sect. 19, unless the contrary intention appears, "person" includes any body of persons, corporate or unincorporate. A loss incurred by a partnership, however, has to be apportioned between the individual partners, and the amount so apportioned to each partner has to be carried forward against his share of future assessments. The division of a loss between the partners sometimes gives rise to queer-looking though perfectly correct results. So does, on occasion, the splitting and aggregation of profits and losses in dealing with a new business, or in arriving at the profits of the "basis year" where there has been a change in the ending date of the accounting period. ("The basis year" is a handy expression for the period of twelve months upon the profit, if any, of which a Schedule D assessment is based.) A few examples of these apportionments and divisions may be of interest.

Let us take a new business, started on March 1st, 1932. The first accounts, for ten months, to December 31st, 1932, show £750 loss, and the accounts for the year to December 31st, 1933, £3,600 profit.

For 1931-32 we have one-tenth of the loss of £750 or a loss of £75 and a "nil" assessment.

For 1932-33 we have a loss of £750, plus £600 for two months' profit taken from the 1933 accounts, or a net loss of £150 and a "nil" assessment.

For 1933-34 we have the same result.

For 1934-35 we have an assessment of £3,600. In aggregating for 1932-33 and 1933-34 we have absorbed £600 loss in each year by set-off against the two months'

profit to February 28th, 1933, that is, a total of £1,200 of set-off in respect of the loss of £750 on the first accounting period. There is, therefore, obviously no balance of loss to be carried forward under sect. 33 against the 1934-35 assessment. There is no hardship in this. On the contrary, the way in which his accounting dates fell has resulted, in this instance, in a handsome profit to the taxpayer.

Let us reverse our figures and assume that the ten months period showed a profit of £750, the year 1933 a loss of £3,600 and the year 1934 a profit of £6,000.

The 1931-32 assessment is £75, and 1932-33 and 1933-34 are £150 each. £1,200 has been taken into account in respect of the £3,600 loss in arriving at these assessments. The amount to be carried forward to 1935-36 is not, however, £2,400, but a loss proportionate to the ten months period following on the end of the first trading year, that is, £3,000. Here, again, the taxpayer doesn't do badly.

Now take a partnership, A's share being one-third, B's share one-half and C's one-sixth of profits and losses after payment of a salary of £1,600 to A. The computation shows a loss of £2,000. Eliminating the salary of £1,600, we have to divide a loss of £3,600. B has a "notional" loss of £1,800 and C a "notional" loss of £600. A has salary £1,600 less loss £1,200, or a "notional" profit of £400. This £400 is not an amount against which his allowances and reliefs can be set off or on which he can be charged tax. The loss made by the firm as a whole is therefore divided between B and C in the ratio of their "notional" losses. B carries forward 18/24ths of £2,000 or £1,500, and C 6/24ths or £500. This principle applies to the division of losses for Rule 13 and sect. 34 purposes also.

### UNEXHAUSTED LOSSES.

There is no means by which an allowance can be obtained in respect of any unexhausted balance of losses carried forward, when on the retirement of a partner, or the introduction of a new partner, the "discontinuance" option under sect. 32 of the Finance Act, 1926, is exercised. The rule also applies to a change in the ownership of a business carried on by an individual or a partnership, unless the business was sold to a company "solely or mainly" in return for the allotment of shares in the company to the former owner or owners of the business, or his or their nominees.

In this last case, sect. 29 of the Finance Act, 1927, provides that the balance of a vendor's losses can be set off, by repayment if necessary, against any income he derives from the company, by way of dividends or otherwise, "for any year of assessment throughout which he is the beneficial owner of the shares and throughout which the company carries on the business." Sect. 19 of the Finance Act, 1932, expressly excludes carry-forwards under sect. 29 of the Finance Act, 1927, so that the six years time limit continues to apply to them.

The section does not appear to require that in the case of a firm the shareholdings allotted to the partners shall be in the same proportions as their shares of the firm's capital. It is clear, however, that each must take the main part of the consideration for the sale of his interest in the business in the form of shares.

Similarly, there is nothing to require that the company's share capital should be applied "solely or mainly" in the purchase of the business. The section would apply to an amalgamation of which the business whose late owners invoke sect. 29 formed only a small part. What has to be looked at is only the manner in which payment has been made for the business taken over.

It will be observed that the section says : "the beneficial owner of the shares." Apparently parting with the beneficial ownership of any of the shares will destroy the right to carry forward.

#### WHERE THE SIX YEARS LIMIT IS NOT APPLICABLE.

That brings me to the case in which the six years time limit no longer applies. By sect. 19 of the Finance Act, 1932, where allowance within six years has been prevented by deductions for wear and tear, including wear and tear brought forward from earlier years of assessment, the six years time limit no longer applies and the loss can be carried forward indefinitely under sect. 33 of the Finance Act, 1926 (but not under sect. 29 of the Finance Act, 1927). Such a loss is only to be set off when all losses incurred within the six preceding years have been allowed.

Before the enactment of sect. 19, it was obviously to the taxpayer's advantage to treat the earliest of a series of losses as that first set off under sect. 33. This is still so in the case of an individual or a partnership where there is a prospect of an early claim under sect. 29 following on the sale of the business to a company. In all other cases, however, the Act being silent on the point, it is most to the taxpayer's advantage where sect. 19 applies, to mark off the wear and tear against the earliest available loss, so that the later losses get allowed first, and the earlier losses are selected as those to be carried forward indefinitely.

Where an occupier of lands for the purpose of husbandry only elects under Schedule B, Rule 5, to be assessed under Schedule D, he is apparently entitled to carry forward losses under sect. 33 so long as he continues to elect annually to be assessed under Schedule D. Should he revert to Schedule B, he obviously loses his carry-forward, neither does it appear that it could revive should he again elect to be assessed under Schedule D.

#### SETTING OFF PROFITS AND LOSSES.

So much for carrying forward losses against future years' assessments. If your client is carrying on "two or more distinct trades" you can set off any loss on one against the profit of the other under Rule 13 of the Rules applicable to Cases I and II of Schedule D. This set-off is one of a loss for the basis year of the one business against a profit for the basis year of the other, not, as under sect. 34, of a loss against assessments for the year in which it was made. A loss for your client's 1934 basis year can form the subject of a 1934-35 sect. 34 application, or of a 1935-36 Rule 13 set-off if he is carrying on a "distinct" trade.

The set-off is to be made "against the profits as computed" and therefore before (not, as under sect. 33, after) deducting wear and tear.

Sect. 33 of the Finance Act, 1926, expressly excludes a loss set off under Rule 13, but there seems to be nothing to prevent a loss which has been taken into account in aggregating profits and losses under sect. 35 of the Finance Act, 1926, in the case of a new business from also being set off under Rule 13.

As both the loss and the assessment must relate to a trade assessable under Case I, you cannot, for instance, set off a loss made in running a nursing home against profits as a medical practitioner, or a farm loss against the profits of a butcher's shop.

Notice of a Rule 13 claim must be given by way of notice of appeal against the assessment on the profitable business.

#### SECT. 34 CLAIMS.

We now come to the remaining way of dealing with a loss—set off against the liability for the year of assess-

ment in which the loss arose, by means of an application under sect. 34 of the Income Tax Act, 1918.

This section extends to a loss sustained in :—

- (1) Any trade, profession, employment or vocation carried on by the claimant either solely or in partnership.
- (2) The occupation of lands for the purpose of husbandry only.
- (3) The occupation of woodlands in respect of which the claimant has elected to be charged to tax under Schedule D. He can only so elect if the woodlands are managed on a commercial basis and with a view to the realisation of profits.

The section also extends to nurseries and market gardens which, under Schedule B, Rule 8, are to be assessed "according to the rules and provisions applicable to Schedule D." You will note that it applies to lands occupied for husbandry only even if the occupier has not elected under Schedule B, Rule 5, to be assessed under Schedule D. Sect. 28 of the Finance Act, 1926, has the effect of extending sect. 34 to concerns formerly assessed under Schedule, No. III, as did formerly Rule 8 of No. III.

The section does not extend to a loss made in a business treated as a foreign possession under Case V, unless the business is in the Irish Free State, in which case Para. 1 (3) of Part II of Schedule II to the Finance Act, 1926, enables a claim to be made. It does not apply, either, to a loss made in circumstances under which a profit, had one resulted, would have been assessable under Case VI. The land speculator, for instance, who successfully resists assessments under Case I, and has them sustained upon him under Case VI, has not always been as well advised as he may have thought.

The section uses the word "person." A partnership as such cannot claim. Claims must be made by the individual partners in respect of their shares in the loss.

The loss must be sustained in the trade, &c., as a whole. In determining whether there has been a loss for sect. 34 purposes, taxed income must be brought in where it arises as a normal part of the trading operations; for instance, in the case of an investment company or a moneylender. Although the Schedule D, Case I, computation for such a business may show a loss, it does not follow that there will be any title to claim under sect. 34.

The section provides for "an adjustment of his liability by reference to the loss and to the aggregate amount of his income for that year." First of all, let us consider the loss. Normally, it is computed for the basis year (that is, for the year which would have formed the basis of the assessment for the year following the year of claim, had there been a profit assessable under Schedule D). In strictness the loss should be computed for the year to April 5th, and is so computed if the taxpayer desires. It must obviously be so computed in the following cases :—

- (1) Claims for the first three years of a new business, or the first four years if an application is made under sect. 15 of the Finance Act, 1930.
- (2) A claim for a year immediately following a year in which a claim was made on the April 5th basis.
- (3) A claim in respect of lands occupied for the purpose of husbandry only which have come into the claimant's occupation during the year of claim.

Similarly, where a claim is made for the year in which a business ceases the accounts must be split to give the loss from April 6th to date of cessation. Any loss

apportioned on splitting the accounts to the period ended on April 5th goes into the re-computation of the assessment for the penultimate year.

#### *Wear and Tear.*

We now come to the question of wear and tear. Wear and tear for the year of claim, which has not been allowed in the assessment for that year, can, by way of concession, be added to the loss or used to create a loss. For example, as to the latter, if there is an adjusted profit of £500 and wear and tear of £1,500 not allowed in the assessment for the year of claim, the wear and tear can be brought in to create a loss of £1,000. This concession is conditional upon the taxpayer's agreeing in writing that the wear and tear so added shall, to the extent to which it is repaid on, be treated as allowed for all purposes of the Income Tax Acts. This undertaking must be signed by the taxpayer, not by his accountant.

A further example may make the position in regard to wear and tear, and incidentally in regard to a partnership, clearer.

Assume a firm with two partners, A and B, dividing profits and losses one-third to A and two-thirds to B, after payment of a salary of £500 to A. The year 1933 showed an adjusted profit of £100 and the year 1934 an adjusted loss of £200. The wear and tear due for 1934-35 was £900. The 1934-35 Schedule D assessment was £100 less wear and tear £100, leaving £800 wear and tear to carry forward. B has £2,000 investment income.

Adding the £800 wear and tear, we have a loss of £1,000. Eliminating the £500 salary, we have £1,500 to divide. A's "notional" share is salary £500 less one-third of £1,500 loss, or "nil." As B has investment income to cover, he is therefore repaid on the whole £1,000 loss, and the wear and tear to be carried forward is reduced to nil. This is in accordance with the principle that wear and tear allowances are due to the firm (the assessment is on the firm) and not to the partners. The undertaking given in return for the concession is that the wear and tear shall be treated as allowed to the firm.

This does not enable B to benefit at A's expense without A's consent. Without A's signature to the undertaking, B cannot obtain repayment on wear and tear that might otherwise have gone in the future to reduce A's taxable share of the firm's profits.

#### *Aggregate Income.*

The next matter to consider is the "aggregate income." This excludes :—

- (1) Income not available for relief: for instance, interest from a building society under arrangement.
- (2) The income required to cover the charges payable in respect of (not paid in) the year of claim.

The aggregate income includes :—

- (1) Any assessment in respect of the business in which the loss is sustained.
- (2) Income absorbed by earned income allowance and any of the other personal reliefs.

The loss is in practice set off against the items making up the aggregate income in the following order :—

- (1) Earned income of the claimant;
- (2) Investment income of the claimant;
- (3) Earned income of the claimant's wife (or husband);
- (4) Investment income of the claimant's wife (or husband).

If the claimant is a sleeping partner, investment income is taken before earned income, and the above order becomes (2), (1), (4), (3).

I shall not attempt to deal with the complications that arise when the taxpayer has Dominion income—or, worse still, the business extends into a Dominion—and Dominion Income Tax relief is allowable.

#### *Time Limit.*

There remains one further aspect of sect. 34 applications to consider—the time limit of twelve months. I have not heard officially of any case in which the Board of Inland Revenue have consented to permit a belated notice of claim to be accepted. One of you informs me that he has had such a case.

In most cases there is no great hardship involved in strict adherence to the time limit. In a case of doubt your client can always protect himself by giving notice and afterwards withdrawing it if necessary. Technically, the General or Special Commissioners could refuse to let the notice be withdrawn (it is the exercise of an option, and therefore final), but it would in any case become a dead letter if it turned out that there was actually no loss.

When the General or Special Commissioners have signed their certificate, your client's application has been finally disposed of. If the figures were incorrect he has no legal remedy. "Error or mistake" relief does not extend to sect. 34 applications.

The finality of the General or Special Commissioners' decision on a sect. 34 application can operate very definitely to the taxpayer's benefit where he goes out of business after a very profitable final period, in the year following a sect. 34 claim. This results from the finality of the certificate taken together with the fact that sect. 34 (4) refers only to "the assessment for any subsequent year."

Assume : Loss to December 31st, 1932, £500; loss to December 31st, 1933, £1,000; profit to December 31st, 1934, £4,000. The taxpayer gets repayment under sect. 34 on the losses of £500 and £1,000 against investment income, and closes down his business on December 31st, 1934.

The 1933-34 (penultimate year's) assessment has to be increased from its original figure of "nil" (based on the 1932 accounts) to one-fourth of £4,000 profit, less three-fourths of £1,000 loss, or £250 profit. The sect. 34 repayment cannot, however, be re-opened, notwithstanding that :—

- (1) The repayment was made against investment income, and there is now earned income available;
- (2) £750 of the £1,000 loss has been allowed a second time by aggregation in arriving at the assessment of £250.

In considering whether carry forward under sect. 33, or immediate relief under sect. 34, will be more to your client's advantage, you will not, of course, overlook the probable future variations in his total income if he is liable to sur-tax.

#### *LOSSES IN CONNECTION WITH LANDS.*

I have referred once or twice to losses arising in connection with lands. As certain traders, for instance butchers and cattle dealers, are often occupiers of lands, and many of your wealthier clients have home farms, it may be desirable to deal with these points a little more fully.

Assessments under Schedule B are made on the annual value of lands occupied "only or mainly" for the purpose of husbandry, and of lands which the Minister of Agriculture and Fisheries certifies are unreasonably withheld from use for the purpose of husbandry. In other cases, the assessment is made on one-third of the annual value.

Under Schedule B, Rule 5, a person occupying lands for the purpose of husbandry *only* (the word "mainly"

doesn't come in here) may elect to be assessed under Schedule D. He must give written notice to the Inspector before June 6th in the year of assessment. The notice applies to that one year only, and if he wishes to continue to be assessed under Schedule D, he must give a fresh notice annually. The effect of his giving notice is that "the profits or gains arising to him from the occupation of lands shall for all purposes be deemed to be profits or gains of a trade chargeable under Schedule D."

Under Schedule B, Rule 6, as amended by sect. 30 (3) of the Finance Act, 1923, an occupier of lands for the purpose of husbandry *only* (not "mainly") who "shows within a period of one year after the end of" the year of assessment that his profits fell short of the assessable value, can get the Schedule B assessment reduced accordingly. The word is "shows," not "gives notice." On a strict reading, he must satisfy the General Commissioners within twelve months.

The accounting period to be taken is the year to April 5th, or to the claimant's usual accounting date, whatever it is. The date selected will normally, I suppose, be that on which, in that part of the country, and on a farm of that class, the valuation of tillages offers least difficulty.

I am afraid that time does not permit of even the sketchiest treatment of farm accounts themselves, even if this fell strictly within my subject. I shall only say that, just as a farmer or a farm labourer is one of the most highly skilled of workers, so farm accounts are anything but straightforward. There is a leaflet—No. 26, "Farmers and the Income Tax"—published by the Ministry of Agriculture and Fisheries, which is often of assistance to the client, and may give hints to the accountant himself.

You will note that the application has to be made to the General Commissioners. The Special Commissioners have no jurisdiction under Rule 6, though any resulting sect. 34 application may be made either to them or to the General Commissioners.

There is time only to mention two other Schedule B rules which may give rise to sect. 34 applications.

Under Rule 7, a "person occupying woodlands . . . managed by him on a commercial basis and with a view to the realisation of profits" may elect to be assessed under Schedule D.

Under Rule 8, the profits from lands occupied as nurseries or gardens for the sale of the produce (other than lands used for the growth of hops) are to be assessed under Schedule B, according to the provisions and rules of Schedule D. Sect. 34 is regarded as one of these provisions and rules.

#### BANK AND OTHER INTEREST CLAIMS.

From losses it is a natural transition to bank overdrafts and bank interest repayment claims. Sect. 36 (1) of the Finance Act, 1918, provides that the interest must be:—

- (1) payable in the United Kingdom (that is, in Great Britain or Northern Ireland);
- (2) on an advance from a bank carrying on a *bona-fide* banking business in the United Kingdom;
- (3) paid without deduction of tax;
- (4) paid out of profits or gains brought into charge to tax.

The Special Commissioners, only, have jurisdiction.

Sect. 36 (2) provides that repayment can similarly be made where the advance was from a person who, in the opinion of the Board of Inland Revenue, is *bona fide* carrying on either:—

- (1) business as a member of a Stock Exchange in the United Kingdom, or

- (2) the business of a discount house in the United Kingdom.

In these two cases the interest must not be yearly interest, and the Board of Inland Revenue must be satisfied that the interest has been, or will be, brought to account for income tax purposes by the person making the advance.

The time limit for a claim under sect. 36 is the general time limit of six years from the end of the year of assessment under sect. 41 of the Income Tax Act, 1918.

What is yearly interest? is not an easy question to answer. The legal decisions on the matter do not lead to so clear a conclusion as might be desired. On the one hand, interest charged at a fixed rate on a loan account, the balance of which is reduced from time to time by substantial lodgments, would seem clearly to be yearly interest. On the other hand, interest charged on a current account balance would seem not to be yearly interest in almost any case. This is rather vague, but were I to attempt to deal with the matter in time at my disposal the result would be so sketchy as to be very misleading.

Where the advance was not used for trade purposes, the interest should as far as possible be set off against the claimant's investment income. Where the interest exceeds the claimant's investment income, plus any earned income on which earned income relief has *not* been given, the excess to be set off against earned income on which earned income relief *has* been given must be reduced by earned income relief. The reason for this is obvious. (The same point arises in setting off building society interest against earned income.) In theory, of course, the bank interest should be repaid on in full, and a corresponding amount of earned income relief withdrawn in accordance with sect. 17 of the Income Tax Act, 1918. The ultimate effect would be the same.

Where the advance has been used for trade purposes the interest will, on ordinary business lines, be charged in the taxpayer's accounts and thus set off against his earned income. Where this does not leave him with sufficient earned income to cover the maximum allowance of earned income relief, the question whether the interest can be written back and repayment claimed is sometimes asked.

In the first place, interest payable to a bank, other than yearly interest, is properly a trade expense, and there is no proviso of the Income Tax Acts under which it can be written back. Even where the interest payable to a bank is yearly interest, writing the interest back under Cases I and II, Rule 3 (e), will not apparently make any difference to your client. The interest being a charge on the business profits, sect. 17 of the Income Tax Act, 1918, requires the earned income relief on the business assessment to be restricted accordingly.

Yearly interest payable to a member of the Stock Exchange, or to a discount house, must be written back, and cannot form the subject of a claim under sect. 36. The payer of such interest should deduct tax.

#### "ERROR OR MISTAKE" APPLICATIONS.

I shall have to pass over applications under sect. 15 of the Finance Act, 1930, since they are too much entangled with the general treatment of new businesses to admit of being dealt with separately. That brings me to "Error or Mistake" applications under sect. 24 of the Finance Act, 1923.

The section applies to assessments made under Schedule D, or according to the rules of Schedule D. It thus extends to assessments under Schedule B on nurseries or market gardens.

The time limit is an unusual one : "six years after the end of the year of assessment within which the assessment was made." In the case, for example, of an additional assessment for the year 1928-29 made during the year of assessment 1934-35, the time limit under sect. 24 does not run out until April 5th, 1941, or twelve years after the end of the year of assessment.

The application must be made in writing to the Board of Inland Revenue. In practice it is sent forward through the Inspector. There is a right of appeal to the Special Commissioners on giving written notice to them within twenty-one days of the notification of the Board's determination. The Special Commissioners may be required by either side to state a case for the High Court, but "only on a point of law arising in connection with the computation of profits or income." They cannot, for instance, be required to state a case on a point of law arising on sect. 24 itself.

The assessment must have been excessive by reason of some error or mistake in the applicant's own return or statement : not by reason, for instance, of some error or mistake in a subsequent computation which led to an assessment in excess of that return. The return or statement has to be one made "for the purposes of assessment." The making of the return, or the statement, must, it seems to me, have preceded the making of the assessment—that is, the return or statement must have been available to the Additional Commissioners—if the section is to apply. Similarly, it would seem doubtful whether the section can apply to a case where the amount of the assessment was fixed on appeal. It may, of course, be possible to support a less stringent reading of the section.

What emerges is the desirability of lodging, if at all possible, before the Additional Commissioners meet to make the assessments, a return on Form 1 or Form 11, or a supplementary return on Form 11c, embodying agreed figures—at any rate in all cases where you have not submitted a computation with the accounts, or where the Inspector has not agreed that computation without alteration. Where this has not been done, and an "error or mistake" has been made, you may possibly succeed in an application under sect. 24 (as I have suggested the point may be open to question), but you will not have the clear case you might otherwise have had. The moral, as it appears to an Inspector of Taxes, is that the late rendering of accounts and returns may sometimes prove a very expensive luxury to the taxpayer—at any rate if my view of what the section means turns out to be correct.

The word "statement" is used, I take it, so as to include an account, a computation, or a letter embodying the figures, as distinct from a formal return.

The relief given is to be "such relief . . . as is reasonable and just," but no relief is to be given where the applicant's "return or statement was in fact made on the basis or in accordance with the practice generally prevailing at the time when the return or statement was made." In other words, sect. 24 cannot be invoked to give retrospective effect to legal decisions. The deciding factor is the time the return or statement was made, not the year to which the assessment relates. In the case of an additional assessment, following on a belated return, this might be of importance. The phrase used as to the basis or practice—"generally prevailing"—might also be of importance in certain cases.

The expression "error or mistake" is obviously a wide one. It clearly covers arithmetical errors and blunders, such as debiting under rent only the net rent of business

premises and writing back under the general head of Income Tax, the Schedule A tax deducted from the rent. It would include, also, charging to capital an admissible revenue debit, or failing to claim the "mills and factories" deduction under Cases I and II, Rule 5, or failing to claim wear and tear allowance in a return or statement which has been accepted as the basis of assessment. It would not include, however, anything which was done deliberately as a choice between alternatives.

Where, moreover, a rate of wear and tear has been agreed upon for a trade, or has been formally determined by the Board of Referees, failure to claim this rate of wear and tear would apparently be an "error or mistake."

Another example might be failure to claim a set-off under Rule 13 in respect of a loss in a distinct trade.

Sub-sect. (3) is important. The Board of Inland Revenue are to have regard to all the relevant circumstances of the case. In particular they are to consider whether the granting of relief would result in the exclusion from charge to income tax or sur-tax of any part of the applicant's profits or income. For this purpose the Board may take into consideration the applicant's liability, and the assessments made upon him in respect of earlier years.

I think, Gentlemen, that this completes the ground it was suggested I should endeavour to cover to-night.

## Reviews.

**Cost Accounts.** 6th Edition. By W. Strachan, Incorporated Accountant. London : Sweet & Maxwell, Ltd., 3, Chancery Lane, W.C. (142 pp. Price 10s. net.)

As an exposition of the fundamental principles underlying cost accounts Mr. Strachan's book has been accepted as an authority for many years past. In the sixth edition, just published, the text has been revised and a chapter has been added dealing with Control Accounts supplemented by specimen workings showing how these accounts are constructed. The necessity for a system of control in relation to cost accounts has been realised by all manufacturers, but it is essential to have a clear understanding of the part played by control accounts. They are not an integral or essential part of the costing system but a convenient means of presenting a condensed summary of the costing records and linking them up with the financial books. The absence of personal accounts in a costing system calls for special accounting methods in order to complete the double entry, and the author surmounts the difficulty and completes his control system by raising an additional control account which he designates the "Finance (or General) Control Account," that designation having been chosen to make it clear that the account is not, in fact, a Control Account of the Cost Ledger but an account raised for balancing purposes. A specimen set of control accounts is given based on the figures in the costing system appearing in the appendix. The main part of the text shows, as in earlier editions, the method of treatment in relation to the constituents which make up the cost of an article or commodity, namely, material, labour and oncost, and the value and limitations of standard costs are demonstrated. The treatment of Manufacture by Process and Mass Production is also explained. This particular work was first published with the two-fold object of assisting the accountant student to an understanding of cost accounts and of helping the manufacturer to realise the advantages to be reaped from the adoption of a proper system of cost accounts. It continues to achieve both objects and successive editions have enabled the author to amplify the text from time to time and thus to keep the work in accord with current practice.

**The Incorporated Students' Telephone.** By the Directors and Tutors of H. Foulks Lynch & Co. London : H. F. L. Publishers, Ltd., 19, Fenchurch Street, E.C.3. (88 pp. Price 2s. 6d. net.)

The 52nd issue of this publication contains the questions set at the Intermediate and Final examinations of the Society of Incorporated Accountants and Auditors held in November last, together with model answers. Candidates who sat at the examinations will be interested to compare these model answers with the answers given by them in the examination room, and those who failed will obtain guidance for further efforts. They will find that a careful study of the method adopted by experts in dealing with the different types of questions will be well repaid. A subject index at the beginning affords a ready means of reference to any particular matter.

## Changes and Removals.

Messrs. Morgan Bros. & Co., Incorporated Accountants, Capel House, 54, New Broad Street, London, E.C., announce that they have admitted into partnership as from January 1st, 1936, Mr. Geoffrey Morgan, A.S.A.A., and Mr. Frank Woods, A.S.A.A., both of whom have been members of their staff for a number of years. The name of the firm will remain unchanged.

Mr. S. K. Basu, B.A., Incorporated Accountant, has commenced public practice at Temple Chambers, 6, Old Post Office Street, Calcutta.

Messrs. Clements Cole, Leithead & Co. announce that they have taken into partnership Mr. C. E. Canlan, Incorporated Accountant. The practice will be carried on at 5, Bloomsbury Square, London, W.C., under the style of Clements Cole & Partners, Incorporated Accountants.

Messrs. Darr, Rickard & Co., Incorporated Accountants, have removed their Southend office to 28, Clarence Street.

Mr. H. Reginald Flack, Incorporated Accountant, formerly of Messrs. Flack & Flack, has entered into partnership with Mr. William F. Coles, Chartered Accountant (Australia), Equity Chambers, 472, Bourke Street, Melbourne, where they will practise under the style of Flack & Coles.

Messrs. Gibson, Whiteley & Co., Reserve Bank Chambers, Wale Street, Cape Town, announce that the firm will in future practise under the style of Gibson, Hyslop & Co.

Messrs. Mann, Judd, Gordon & Co., Chartered Accountants, of London and Glasgow, intimate that they have assumed as a partner Mr. Arthur R. H. Mann, M.A., C.A., A.C.A., youngest son of their senior partner.

Messrs. Langton & MacConnal, Incorporated Accountants, 22, Lord Street, Liverpool, have admitted into partnership Mr. C. D. Irving, A.S.A.A., and Mr. C. D. Thayer, A.S.A.A. There will be no change in the name of the firm.

Messrs. Sastri & Shah, Incorporated Accountants, have removed their office to Chartered Bank Buildings, Armenian Street, Madras.

Mr. Ernest B. Shaw, Imperial Chambers, 43, New Street, Huddersfield, states that he has taken into partnership Mr. G. L. Armitage. The practice will be continued under the style of Shaw & Armitage, Incorporated Accountants.

## ACCOUNTANT OFFICERS, ROYAL AIR FORCE.

The Air Ministry announces that an examination will be held towards the end of March, 1936, for the entry into the Accountant Branch of the Royal Air Force of qualified and experienced civil accountants. Not more than six vacancies are likely to be available. Candidates must have attained the age of 22 and not have attained the age of 26 on July 1st, 1936. No relaxation of these age limits will be permitted in any circumstances.

The competition will be held in London by the Civil Service Commissioners, and will include (1) an interview before a selection board at which stress will be laid on character and accounting experience and special weight given to the type of experience provided by articled service ; (2) an examination in English and general knowledge (essay, précis and questions to test knowledge of matters of current importance) ; and (3) an examination in book-keeping and accountancy (excluding partnership and executorship accounts), the standard being that of the Final examinations of the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors.

The emoluments of an Accountant Officer consist on the one hand of pay and on the other of accommodation, fuel, light, rations and personal attendance provided in kind. When the latter are not available cash allowances are granted in lieu. The total of the pay and cash allowances of Accountant Officers range at present rates from about £363 a year for an officer on first entry to £1,131 a year for a married officer in the highest rank.

The Accountant Branch provides a permanent career. It is not, of course, possible to pledge the future, but so far as can be foreseen the Branch will be subject to no sudden changes affecting adversely the fortunes of its officers.

Officers enter the Branch on probation with the rank of Pilot Officer, and after twelve months' satisfactory service they are confirmed in their commission and promoted to Flying Officer. Promotion to the next rank, viz., Flight Lieutenant, is made, subject to qualification and suitability, after officers have attained six years' seniority as Flying Officers. The next step is to the rank of Squadron Leader, promotion to which is, subject to qualification and suitability, by seniority, but weighted by means of an antedate in respect of general efficiency so as to give accelerated promotion to officers who have shown special merit. Thereafter promotion is by selection. It is intended that every suitable Flying Officer should be promoted to Flight Lieutenant, that nearly every Flight Lieutenant should be promoted to Squadron Leader, that the majority of Squadron Leaders should be promoted to Wing Commander, and that a substantial minority of Wing Commanders should be promoted to Group Captain. It must be understood that promotion depends on requirements, and requirements on future circumstances, but the policy of the Air Ministry is directed to ensuring to Accountant Officers a career not inferior to that indicated above.

The length of the career provided depends on the rank attained. The compulsory retiring ages, which are subject to variation, are at present—for Squadron Leaders 53, for Wing Commanders 57, and for Group Captains 60 ; any officers not attaining the rank of Squadron Leader would be retired at the age of 50.

Application should be made to the Secretary, Air Ministry (S.7 (E)), Kingsway, London, W.C.2, for the regulations and for application forms. Completed application forms should reach the Air Ministry at latest by February 15th next.

## Correspondence.

### The Neumann Case.

TO THE EDITORS, *Incorporated Accountants' Journal*.

SIRS.—One can hardly subscribe the view expressed by Mr. H. Goitein, LL.D., at page No. 138 of your January issue, that the foregoing case was decided because the learned Law Lords "sympathised with the taxpayer." Judges trying Revenue cases frequently express sympathy with the taxpayer, but this does not prevent their giving a decision that results in the Revenue dipping a "very large shovel into the taxpayers' stores." Undoubtedly, the *Neumann* case is a very difficult one to understand. That even the Revenue do not seem to understand it (or shall I say that all Inspectors do not appear to take the same view of the decision) appears evident from correspondence that has appeared, since the decision, in accountancy publications. For my part, I always endeavour to explain the *Neumann* decision on the following principle. Firstly, a company pays tax on the whole of its profits, *vide* General Rule 20. In paying this tax, the company does not pass over any part of its profits. What it does pass over is a sum of cash, that is, an asset answering to part of the profits fund. The position of the company at the moment after discharging its tax liability is that its profits fund now becomes represented by (1) a payment to the Revenue shown by a debit in Income Tax Account, and (2) a sum of cash (I am supposing, for convenience, that the profits are realised). In short, the position is as follows:—

BALANCE SHEET.	
	£
Profit and Loss Account ..	1,000
(1) Income Tax Account (Tax paid on assessment of £1,000 at 5s. in the £) ..	250
(2) Cash at Bank..	750
	£1,000
	£1,000

The foregoing is also the position confronting a company prior the declaration of a dividend. As there are two assets answering the profits fund, so there are two methods of paying a dividend, for both assets can be employed in it. The first is the mixed funds method; that is, both funds are employed and used to pay the dividend, for example, a dividend of "5 per cent. less tax" means that the shareholder receives a quantum of cash and a quantum of income tax paid by the company and capable of enuring to his (the shareholder's) benefit in certain circumstances (e.g., a repayment claim). The second method of paying a dividend is the single fund or *Neumann* method. Here a dividend is paid "without deduction of income tax." A 5 per cent. dividend of this species would be paid wholly in cash. Only one fund is resorted to for the payment of this type of dividend. Why, therefore, should the other fund, that admittedly has not been called upon, be brought into reckoning? Hence a dividend of "5 per cent. without deduction of tax" is a 5 per cent. gross dividend. For this reason it is a method beloved of the sur-tax payers. It has been said (not by Mr. Goitein) that companies should be stopped from declaring dividends "without deduction of tax" on the ground that the sur-tax pocket is saved. But what has this to do with the company (a distinct legal entity)? A company pays tax on the whole of its profits; surely this is enough. If it does not distribute

it may bring a sur-tax assessment down on its own head; if it does distribute, are there any real reasons for saying it must do so in a manner than enables the Revenue to "put the largest possible shovel into the sur-tax payers' stores?"

If there are such reasons, I should like to be numbered among those who are anxious to know.

Yours faithfully,  
E. H.

### Bad Debts and Income Tax.

TO THE EDITORS, *Incorporated Accountants' Journal*.

SIRS.—In case any readers may be interested, and should they be unaware of the fact, I write to say that the Revenue officials have recently changed their attitude as regards debts taken over by a new proprietor which subsequently prove to be bad. For accounting periods ending in recent months, such bad debts are being allowed as a charge against profits, but previous assessments are not being reopened.

Yours faithfully,  
B. G. PALMER.

London.  
January, 1936.

### THE OFFICERS' ASSOCIATION.

The annual meeting of the Council of the Officers' Association (the Officers' Benevolent Department of the British Legion) was held on December 18th. General Sir Herbert A. Lawrence, G.C.B. (President), occupied the chair.

The Chairman read a letter from Colonel Frank Watney, C.B.E. (Chairman of the Executive Committee and of the Finance Committee), regretting that illness prevented his attendance, and stating that two matters were causing him anxiety—the problem of non-disabled officers who were too old to expect work of any kind, and that of widows of ex-officers, many of whom were over 60 years of age and practically dependent on the Association.

The Council placed on record their sense of the irreparable loss sustained by the death of their Vice-Patron, Admiral of the Fleet Earl Jellicoe, G.C.B. The deaths were also reported of Admiral of the Fleet Sir Charles Madden, G.C.B. (a Vice-President of the Association), Mr. C. W. Howard, and Sir James Martin, F.S.A.A. (members of the Council). The Chairman expressed the Council's deep regret at the loss of their colleagues.

The financial report and general statement for the year ended September 30th, 1935, were adopted on the motion of Brig.-General A. F. Home (Vice-Chairman of the Executive Committee). The gross receipts for the period from January 1st, 1920, totalled £3,369,788, and the gross payments £2,773,971, of which £2,357,711 had been expended on relief. The figures for the year under review showed a deficit for London headquarters of £15,902, while the Scottish Branches showed a surplus of £6,301. Loan assistance had ceased, and 57 per cent. of the total loans made had been repaid, which was considered very satisfactory. The expenditure on education was slightly lower than the year before, which seemed to indicate that the peak had been definitely passed. During the past 16 years 5,377 children had been assisted. The clothing store had issued £3,000 worth of clothing during the year, but the need for serviceable garments of all kinds was still very great. The number of disabled ex-officers assisted had decreased, but the amount expended remained nearly stationary.

The experiment of appointing an employment officer had been a success, as 463 ex-officers had been placed in posts during the year—an increase of 123 over the previous year. Applicants were reaching an age when they found it impossible to compete with the younger generation in the search for employment. The employment bureau was doing useful work in finding jobs for the children of ex-officers, so that they could contribute to their parents' support.

The members of the Council due to retire in 1936 were re-elected, and the following were unanimously elected as members of the Council:—Admiral Sir Harry H. Bruce, K.C.B., General Sir Cyril J. Deverell, G.C.B., Paymaster-Commander A. A. Garrett, M.B.E., and Captain A. Palmer, J.P.

### PUBLIC AUDITORS Under the Friendly and Industrial and Provident Societies Acts.

The Lords Commissioners of His Majesty's Treasury have appointed the following Incorporated Accountants to act as Public Auditors for Great Britain for the year ending December 31st, 1936, under the provisions of the Friendly Societies Act, 1896, and the Industrial and Provident Societies Act, 1893, viz:—

- Acock, R. G., 69, London Street, Norwich; Wayland Hall, Watton.
- Alban, F. J., C.B.E., Barclays Bank Chambers, Newport, Mon.
- Alexander, J. H., City Chambers, East Parade, Leeds, 1; High Street, Blackwood; 15, Commercial Street, Pontypool.
- Allen, H. J., 37, Surrey Street, Sheffield, 1.
- Ansdon, E. V., 22, Walbrook, E.C.4; 18, High Street, Beckenham.
- Anderson, L. A., 137, High Street, Brentwood.
- Andrews, E., 12, Abbey Square, Chester.
- Antoine, B. W., opposite Broadway Stations, Ealing, W.5.
- Armson, G. A., Bank House, 95, High Street, Lewisham, S.E.13.
- Armstrong, J., 22, Station Road, Workington.
- Arnold, C., 21, Bodfor Street, Rhyl; 22, Vale Street, Denbigh; 29, Church Street, Flint.
- Arnold, F. V., Midland Bank Chambers, 153, North Street, Brighton; Midland Bank Chambers, West Street, Horsham; Flint House, 44, South Street, Chichester; Bank House, Steyning.
- Ashworth, W., 22, Nicholas Street, Burnley.
- Atkins, J. R., 76, Derby Street, Macclesfield; Union Bank Buildings, High Street, Congleton.
- Attwell, R. J. T., 48-50, Exchange Buildings, Stephenson Place, Birmingham, 2.
- Bailey, H., 55, Brown Street, Manchester, 2.
- Baines, J. V., Curry's Chambers, 115, High Street, Stockton-on-Tees.
- Baker, W. B., 1, Silver Street, Berwick-on-Tweed.
- Ball, G., Market Place, Ossett.
- Bardell, A. P., 36, Paradise Street, Birmingham, 1.
- Barker, A. E. S., 20, Church Street, West Hartlepool.
- Barlow, S., 111, Corporation Street, Manchester, 4.
- Barrowcliff, C. P., 35 and 57, Albert Road, Middlesbrough.
- Bartfield, L., 91, Cookridge Street, Leeds.
- Bartlett, R. Wilson, 24, Bridge Street, Newport, Mon.
- Baxter, C. F., National Provincial Chambers, High Street, Kettering.
- Bayliss, L. M., Gartlet House, Leighton Buzzard; Market Square, Buckingham; 45, South Street, Chichester; 2A, Central Buildings, Bognor Regis; 28A, Broadway, Littlehampton.
- Bayliss, W. M., 16, Broad Street, Oxford.
- Beer, W. W., 17, Bedford Circus, Exeter; High Street, Honiton; Stevenson House, The Parade, Exmouth.
- Benbow, L., Derngate House, 45, Derngate, Northampton.
- Benjafield, A. J., 28, Chamberlain Street, Wells; 27, High Street, Glastonbury.
- Bennett, C. H., High Holborn House, High Holborn, W.C.1; 49, Cranbrook Road, Ilford.
- Bennett, D. H., 111A, High Street, Dovercourt.
- Bicker, H. J., Exchange Buildings, Upper Hinton Road, Bournemouth.
- Binns, J., Exchange Buildings, Mirfield.
- Black, W. C., St. Thomas' Chambers, 147, High Street, Newport, I.O.W.; 57, High Street, Ventnor, I.O.W.
- Blythen, S., O.B.E., Victoria Chambers, Long Eaton.
- Bolton, J. B., 42, Athol Street, Douglas, Isle of Man.
- Bowen, G., Brinley, 13, Northampton Place, Swansea.
- Braddy, C. W., Westminster Bank Chambers, 91, High Street, Winchester.
- Bradley, E. R., 584, Christchurch Road, Boscombe, Hants.
- Branson, R. M., Allen House, Newarke Street, Leicester.
- Broadbent, J. W., 34, Kensington Road, Oldham.
- Brodie, J., Paterson, Moor House, Moorland Road, Burslem; Albert Square, Biddulph.
- Brodie, R. M., 29, Scale Lane, Hull.
- Brown, E. T., Gresham Chambers, Lichfield Street, Wolverhampton; Barclays Bank Chambers, Bilston.
- Bryant, A. C., 5, Pipe Lane, St. Augustine's, Bristol, 1.
- Buckle, C. D., 13, Cheapside, Bradford.
- Buckley, A. N., Union Chambers, 45 and 47, Commercial Street, Halifax.
- Bull, E., Bank Chambers, Devizes.
- Bullock, W., "Ans dell," Longford Road, Gloucester.
- Burgess, G. W., 14, St. Mary Axe, Leadenhall Street, E.C.3.
- Bush, B., 18, Eldon Square, Newcastle-on-Tyne, 1.
- Butler, J., 66, Albion Street, Leeds, 1.
- Campbell, D. E., 79, Lichfield Street, Wolverhampton.
- Carr, E. R., Stamford Bank Chambers, 10, Gallowtree Gate, Leicester.
- Carr, W., 27, Regent Street, Barnsley.
- Carter, E., County Chambers, King Street, Wakefield.
- Cattell, W. C., Bank Chambers, High Street, Kettering.
- Cessford, J. C., 23, Albany Street, Edinburgh.
- Chadwick, A., 16, Bolton Street, Bury; 8, Garden Street, Ramsbottom.
- Chapman, J. A., 29, London Street, Fleetwood; 2, Burton Street, Middleton, Lancs.
- Charles, W. H., 3, Greenfield Villas, Llanelli.
- Chater, T. F., Argus Chambers, High Street, Rushden.
- Claridge, C. E., 16, Leeds Road, Bradford.
- Clark, W., County Bank Chambers, Bradshawgate, Leigh, Lancs.
- Clarke, F. N., 4, Pavilion Buildings, Brighton, 1; Town Hall Chambers, Horsham.
- Clarke, S. W., 31, Castle Hill, Lancaster.
- Clarkson, P. D. J., 14, Winckley Square, Preston.
- Clayton, W., Milton Chambers, Milton Street, Nottingham.
- Chinch, S. H., M.B.E., 52, Bedford Row, W.C.1; Hurdis House, Broad Street, Seaford.
- Coates, F. W., 10, Albert Road, Middlesbrough; 5, The Crescent, Redcar.
- Condie, J., 3, East Port, Dunfermline; 1A, Candleriggs, Alloa.
- Coombs, T., Oxford Chambers, Victoria Square, Leeds, 1.
- Cooper, D., Old Colony House, South King Street, Manchester, 2.
- Corbin, F. E., 9, King's Bench Walk, Temple, E.C.4.
- Couzens, J. V., 3, Victoria Crescent, Bradford Road Junction, Portsmouth.
- Cox, H. J., Cardiff Chambers, 4, Cardiff Road, Luton; 2, Vaughan Road, Harpenden.
- Cozens, L. J., 8, East Stockwell Street, Colchester.
- Crick, Miss F. G., 31, Priestgate, Peterborough; 22, Station Street, Spalding.
- Crompton, W., 380-6, and 351-3, Produce Exchange, Hanging Ditch, Manchester.
- Crowe, S. E., Midland Bank Chambers, Otley.
- Crowther, E., 10, Regent Street, Barnsley.

- Cryer, F. J., 5, Princes Square, Harrogate ; 31, Market Place, Ripon.
- Cryer, M. P., Old Bank Chambers, Keighley.
- Cunliffe, A. R., Station Buildings, 24A, Railway Street, Nelson, Lancs.
- Daffern, T. W., O.B.E., 19-20, High Street, Coventry ; 16, The Parade, Solihull.
- Daniels, A., Bank Chambers, 57, Palmerston Road Southsea, Hants.
- Davey, F., O.B.E., Winscombe, 8, Manor Road, Cheam.
- Davey, H., 1, Crown Court, Wakefield.
- Davies, J., Egerton House, Egerton Street, Wrexham.
- Davies, O. W., Market Chambers, High Street, Kidderminster.
- Davies, T., Wyndham House, Bridgend ; Elias Road, Porthcawl.
- Davies, Trevor, 100, High Street, Camden Town, N.W.1.
- Davis, B. T., Lombard House, Great Charles Street, Birmingham.
- Davis, R., 28, High Street, Swindon.
- Dix, W. B., The Booth Hall, Evesham ; High Street, Pershore.
- Dixon, F., National Chambers, 4, Horsefair Street, Leicester.
- Downs, N. T., St. Peter's Hill, Grantham.
- Draper, J., Lloyds Bank Chambers, Hustlergate, Bradford.
- Dudbridge, J. S., 8, Lansdown, Stroud.
- Dudbridge, S., 8, Lansdown, Stroud.
- Duncan, D. C. N., Barclays Bank Chambers, 55, High Street, Grantham.
- Dunlop, R. T., 45, Renfield Street, Glasgow, C.2.
- Duthie, R. S., 36, Lowther Street, Carlisle.
- Dyer, S. A., 5, Fenwick Street, Liverpool, 2.
- Eaves, W., 47, Mosley Street, Manchester, 2 ; County Bank Chambers, Chapel Street, Tyldesley.
- Ednie, A., 7, St. Paul's Square, Bedford.
- Edwards, A. H., 22, High East Street, Dorchester.
- Edwards, C. E., Bank Buildings, Aberdare.
- Edwards, H., Cornhill Chambers, Christina Street, Swansea.
- Edwards, R. H., Bank Chambers, 26, Mosley Street, Newcastle-on-Tyne, 1.
- Elliott, E. A., 11, Hornby Street, Heywood.
- Emmams, R. J. F., 74, Broad Street, Teddington.
- Entwistle, B., 8, Green Street, Radcliffe, Manchester.
- Evans, H. R., 17, George Street, St. Helens, Lancs.
- Fearnhead, J., 20 and 22, High Street, Chorley, Lancs.
- Feist, H. J. B., 44, Rectory Grove, Leigh-on-Sea.
- Ferneyhough, M. P., 6, Commerce Street, Longton, Staffs ; 23, Market Street, Hednesford.
- Ferry, G. A., Prudential Chambers, 6-8, Bank Street, Carlisle ; 59, Bondgate Within, Alnwick ; 12, Market Place, Morpeth.
- Ford, W. J., Scottish Widows' Fund Buildings, 28, Baldwin Street, Bristol.
- Forrest, L., National Provincial Bank Chambers, Batley.
- Forster, H., County Chambers, 6, Chestergate, Macclesfield.
- Fortune, G. W., 26, Forrest Road, Edinburgh.
- Foster, S. E., 29, Bank Street, Ashford, Kent.
- Fox, F. W., 14, King Street, Leicester.
- Francis, S. L., Greechurh Chambers, 9, De la Beche Street, Swansea.
- Freeborough, J. H., 25, Figtree Lane, Sheffield.
- Friend, A. H., 15, Alexandra Place, Newbridge, Mon.
- Fry, F. W., 27, Clement's Lane, Lombard Street, E.C.4.
- Gair, R., Emerson Chambers, Blackett Street, Newcastle-on-Tyne, 1.
- Gait, A., 1, The Foundry Bridge, Abertillery.
- Gardiner, G. F. H., Barclays Bank Chambers, Seaborough.
- Gardiner, H., 1A, Low Ousegate, York.
- Gardiner, H. T. G., Gore House, Cawley Road, E.9.
- Gerrard, R., 71 and 73, Lee Lane, Horwich.
- Gibson, J. W., Co-operative Chambers, Prince Street, Bristol, 1.
- Girling, A. F. J., Eldon Buildings, 20, Eldon Street, Barnsley.
- Goulding, E. S., O.B.E., 19, Sweeting Street, Liverpool, 2.
- Gowen, H. P., 7, Queen Street, Norwich ; The Square, Fakenham ; Bank Chambers, Norwich Street, Dereham.
- Grassam, J., 32, Alliance Avenue, Anlaby Road, Hull.
- Greenhalgh, T., Clifton Chambers, 23A, Clifton Street, Blackpool ; Williams Deacons Bank Chambers, St. Annes-on-Sea.
- Griffin, C. E. B., Corporation Buildings, Corporation Street, St. Helens, Lancs.
- Griffin, G. R., Daimler House, 33, Paradise Street, Birmingham, 1.
- Griffith, F., Westmorland Chambers, Kendal.
- Griffith, R. O., 44, Cannon Street, Preston ; 40, Poulton Street, Kirkham.
- Groves, T. J., M.C., 14, Scarborough Street, West Hartlepool.
- Hackett, P. R., 36, Cannon Street, Birmingham, 2.
- Hakim, G. J., Western Chambers, Station Approach, Hayes, Middlesex ; 42, Station Road, West Drayton.
- Hall, B., 50, High Street, Shepton Mallet.
- Hallett, A., Eleven, Hill Street, Wrexham.
- Hanson, F. W., Court Chambers, Jessop Street, Castleford ; Chapel Lane, Kippax.
- Hargreaves, F., Bow Chambers, 55, Cross Street, Manchester, 2.
- Harper, C. E., 3-4, Clement's Inn, W.C.2.
- Harris, H., 4, Middle Pavement, Nottingham.
- Harrison, C. D., Messrs. John Potter & Harrison, 22, Birley Street, Blackpool.
- Hayden, G. D., Market Place, Holt, Norfolk.
- Hayes, P. R., Midland Bank Chambers, High Street, Wrexham ; Compton House, Corwen.
- Hayhow, G. S., Purdy's Court, 84A, High Street, King's Lynn.
- Hayward, T., 1, Piccadilly, Bradford.
- Heatley, N. K., Temple Chambers, 33, Brazennose Street, Manchester, 2.
- Henderson, A., 62, Cross Street, Fraserburgh.
- Henshall, J., 29, Eastgate Row North, Chester.
- Hepburn, A. E., Abford House, Wilton Road, Victoria Station, S.W.1.
- Hill, A. H., 8, Oxford Chambers, 12, St. Stephen Street, Bristol, 1.
- Hirst, G. L., 8, Bond Street, Dewsbury.
- Hobbs, A. M., 64, Great Portland Street, W.1.
- Hodge, H., National Provincial Chambers, High Street, Kettering.
- Hodgson, T., Clarence Chambers, 4, Piccadilly, Manchester, 1.
- Holiday, C. A., Dominion Buildings, 2, South Place, Moorgate, E.C.2.
- Hollows, R., Leader's Buildings, 33A, King Street, Wigan.
- Holman, W. J., Bilbao House, 36, New Broad Street, E.C.2.
- Holmes, H., 45, Ropergate End, Pontefract.
- Holmes, J. T. L., Midland Bank Chambers, Colwyn Bay.
- Homershaw, Miss M. M., 41, George Street, Baker Street, W.1.
- Horne, H. R., M.C., 29, Church Street, Ripley, Derbyshire.
- Horsfield, A., Belgrave Place, 8, Manchester Road, Bury.
- Horsfield, H. A., Clough's Buildings, 21, Forster Square, Bradford.
- Horsley-Carr, P., 27, Regent Street, Barnsley.
- Hort, J. H., 202, Stanley Road, Bootle.
- Hubbard, F. L., 41, Havelock Road, Hastings.
- Hudson, T., 16, Leeds Road, Bradford.
- Hustwick, W., 70, Kirkgate, Bradford.
- Ingram, A. J., Central Buildings, West Sunniside, Sunderland.
- Jackson, G. H., 55, High Street, Sutton, Surrey.
- Jenkins, W. R. L., 71, Bridge Street, Newport, Mon.
- Jennings, F., Borough Chambers, Neath.
- Jessap, C. T., M.B.E., Old Post Office Chambers, Skegness ; Market Street, Spilsby, Lincs.
- John, A. S., Court Chambers, The Arcade, Pontypridd.
- Johnson, A. J., 35, Southgate Street, Winchester.
- Johnson, E. W., Arcade Chambers, Wigan.

- Johnson, H. O., 3, Wood Street, Queen Square, Bath.  
 Johnson, S., 5, Lower Temple Street, Birmingham.  
 Johnstone, W., 13, Church Street, Kidderminster.  
 Jones, A. H., 14, Market Street, Caernarvon.  
 Jones, E., Furnival, 17, St. Helen's Place, Bishopsgate, E.C.3.  
 Jones, H. B., Kingsway Chambers, King Street, Maidenhead.  
 Judge, W. A., High Street, Skipton.
- Keens, A. T., 45, High Street, Aylesbury.  
 Keens, Sir Thomas, 11, George Street West, Luton ; 2, College Road, Harrow-on-the-Hill ; 69, High Street, Stony Stratford ; 60, High Street, Newport Pagnell ; 4, Tilehouse Street, Hitchin.
- Kenyon, F. T., Midland Bank Chambers, Penrith ; Bank Chambers, Main Street, Keswick.
- Keys, C., Athenaeum Chambers, 71, Temple Row, Birmingham ; 321, High Street, West Bromwich.
- Kilby, F. L., 1, Park Street, Brighouse.
- King, G. C., 106, Edmund Street, Birmingham.
- Kirby, N. F., 54, Station Road, Sudbury, Suffolk.
- Kneale, H. E., St. George's Chambers, 1, Athol Street, Douglas, Isle of Man ; Victoria Chambers, Parliament Street, Ramsey, Isle of Man.
- Lake, J., Gower Chambers, Gower Street, Swansea.
- Lambert, W. E., 297, High Street North, East Ham, E.6.
- Larder, C., Camomile Street Chambers, Bishopsgate, E.C.3.
- Larking, C. G., Invicta Chambers, Pudding Lane, Maidstone.
- Larking, R. C., Orford Place, Norwich.
- Lashmore, C. S., 2, Church Street, Cardiff.
- Law, E. I., A. & E. Law & Co., Kingscourt, Bridge Street, Walsall.
- Lawrence, S., National Provincial Chambers, 33, Park Street, Walsall.
- Lawson, G. R., Cheapside Chambers, 23-25, Cheapside, Bradford.
- Laycock, S., Barclays Bank Chambers, North Street, Keighley.
- Lazenby, H., Wilson's Chambers, 7, Greek Street, Leeds, 1.
- Leah, H. B., 9, Warren Street, Stockport.
- Lee, F., 7, Balmoral Chambers, Cloth Hall Street, Huddersfield.
- Leech, W. L., 102, Friar Gate, Derby ; High Street, Uttoxeter.
- Lentell, C. I., Kingsway, Fore Street, Seaton, Devon.
- Ling, W. A. J., 3-4, Great Winchester Street, E.C.2.
- Liversidge, H. G., Imperial Buildings, Rotherham.
- Lloyd, J. T., 63, Fore Street, Trowbridge.
- Lloyd, W., Priory Buildings, Priory Street, Dudley.
- Lloyd-Roberts, J., The Public Audit Offices, 2, Church Street, Caernarvon ; "Cemlyn," Harlech.
- Lock, F. J., Northbank House, Clarendon Road, Watford.
- Lomax, H., 83, Bridge Street, Manchester, 3.
- Loveridge, A., 40, Hoghton Street, Southport.
- Lowe, J. T., Yorkshire Penny Bank Chambers, 7, Stricklandgate, Kendal.
- McCutcheon, R. T., 113, St. Vincent Street, Glasgow, C.2.
- McDonald, T. W., 98, Palmerston Road, Wood Green, N.22.
- Macintyre, A., 12, Barneluih Road, Hamilton.
- Macmenemey, R., 49, Bath Street, Glasgow, C.2.
- McMurray, J. C., National Bank Buildings, Kilmarnock.
- Mahon, F., 4-5, Oriental Chambers, Doncaster.
- Mair, A. J., 5, Frederick Street, Sunderland.
- Marshall, R. N., 109A, Mortimer Street, Herne Bay ; Town Hall Chambers, Westgate-on-Sea ; 83, High Street, Broadstairs ; 1, Albion Road, Birchington.
- Mason, E. H., 9, Clarence Street, Cheltenham.
- Mawson, J. D., 51, Boileau Road, Ealing, W.5.
- Mayhew, W. O., 62, Oxford Street, W.1.
- Merchant, H. A., 48, Uxbridge Road, Ealing, W.5 ; 75, High Street, Slough.
- Milford, C. A., Market Place, Settle.
- Millman, H. T., Allen House, Newarke Street, Leicester.
- Mills, F. W. T., 6, Priory Place, Doncaster ; 167, High Street, Scunthorpe.
- Milne, R., 68, Bath Street, Glasgow, C.2.
- Miskin, A., 8, Portland Street, Southampton.
- Moffat, F., 126, High Street, Falkirk.
- Moger, J. R., Martins Bank Chambers, Cleckheaton.
- Moores, C. S., 15, Bedford Circus, Exeter.
- Morgan, D. R., 51-52, Broad Street, Newtown, Mont.
- Morgan, E. C., Crown Chambers, 18, Market Street, Newtown, Mont.
- Mortimer, A. G., Prudential Buildings, 189, Hoe Street, Walthamstow, E.17 ; 6, Berkley Crescent, Gravesend.
- Moss, J., 28, Queen Street, Albert Square, Manchester, 2.
- Moulton, P. A., 21, Regent Street, Barnsley.
- Moustardier, M., 69, Downs Road, Clapton, E.5.
- Mullens, G. G., M.C., 49, Station Road, Port Talbot.
- Naylor, R. O., 19, Albert Road, Morecambe and Heysham : The School House, Tebay.
- Neill, A., Westminster Bank Chambers, 196 and 198, High Street, Stoke Newington, N.16.
- Nelson, C. Hewetson, 43, Castle Street, Liverpool.
- Nicholson, J., 185, High Street, Lincoln ; Market Place, Market Rasen.
- Nicholson, J. S., Yorkshire Penny Bank Chambers, 70, Otley Road, Shipley, Yorks.
- Norfolk, W. J., Mayfield Chambers, 93, Station Road, Clacton-on-Sea.
- Oates, G. G., 4 and 5, Oriental Chambers, Doneaster.
- Oldfield, J. W., "Baloeran," Caldene Avenue, Mytholmroyd.
- Oldfield, W., Lloyds Bank Buildings, 43, Gallowtree Gate Leicester.
- Oldman, A. S., 27, North Albert Street, Fleetwood.
- Oxley, H., 22, Regent Street, Barnsley.
- Page, J. C., May Buildings, 51, North John Street, Liverpool.
- Palmer, A. J., 5, West Street, Fareham.
- Palmer, E. H., General Buildings, Bridlesmith Gate, Nottingham.
- Paterson, J., 13, Hamilton Street, Greenock ; 18, Castle Street, Rothesay.
- Payne, C. C., 12, Upper King Street, Norwich ; 6, Market Place, North Walsham ; Red Lion Street, Aylsham.
- Payne, W. H., 8 and 9, Martin Lane, Cannon Street, E.C.4
- Pearce, E. E., 20, Windsor Place, Cardiff.
- Pearce, M. E. J., 102, High Street, Poole.
- Pearson, W., 5, Godwin Street, Bradford.
- Pearson-Griffiths, J., Merthyr House, James Street, Cardiff.
- Pellatt, A. P., 26, Cheriton Place, Folkestone ; 132, High Street, Hythe, Kent.
- Petrie, J. McR., Martins Bank Buildings, Bacup.
- Pettitt, S. R., Lloyds Bank Chambers, 45-47, Old Christchurch Road, Bournemouth.
- Plant, R. A., Midland Bank Chambers, Newlegate Street, Nuneaton.
- Platts, T. H., 126, Colmore Row, Birmingham, 3.
- Pocock, B. G., 90, Leith Mansions, Maida Vale, W.9.
- Pratt, A. J. S., 102, Victoria Road North, Portsmouth.
- Pratt, H. W., 60B, Oxford Street, Wellingborough.
- Prior, F. A., General Buildings, Bridlesmith Gate, Nottingham.
- Procter, S., County Bank Chambers, 41, Burnley Road, Padham.
- Pugh, A. E., 19, Carlton Chambers, High Street, Newport, Mon.
- Pulsford, E. G., 233, High Street, Poole ; Station Road, Broadstone.
- Rawlinson, E. B., Netherwood Chambers, 1A, Manor Row, Bradford.
- Rees, W. H. S., 1, Charlesville Place, Neath ; 1, Hamilton Terrace, Milford Haven.
- Revell, H. W., 7, St. George's Square, Huddersfield.
- Reynolds, J. W., 49, Bank Street, Bradford.
- Rhodes, J., 31, Manor-Row, Bradford.
- Rhodes, W. H., Prudential Chambers, 10, Grey Friars, Leicester.

- Riches, E. J., 12, Bank Street, Norwich ; Hamilton House, Church Street, Cromer.
- Riddington, C. R., Crown Buildings, Loseby Lane, Leicester.
- Ridsdale, J. S., Midland Bank Chambers, Bridge Street, Walsall.
- Riley, H., 14, Park Square, Leeds.
- Ritchie, P. G., 49, Bath Street, Glasgow, C.2.
- Rodger, T., 29, Grainger Street West, Newcastle-on-Tyne.
- Rogerson, C. E., York House, 12, York Street, Manchester, 2.
- Rollinson, C. E., Westgate Chambers, Newport, Mon.
- Ross, G., 31, Queen Street, Cardiff.
- Rowland, F. S., 90, Pilgrim Street, Newcastle-on-Tyne, 1.
- Ruscoe, B., The Old Mansion, St. Mary's Street, Shrewsbury ; Old Post Office Chambers, Ludlow.
- Russell, P. W. G., 1, St. Martin's, Leicester.
- Russell, W. G. A., Ruskin Chambers, 191, Corporation Street, Birmingham.
- Ryland, H. C., 18, Defoe Avenue, Kew Gardens, Surrey.
- Scarlett, C. S., 5, Cecil Square, Margate ; 36, High Street, Ramsgate.
- Schofield, A., 16 and 17, East Parade, Leeds, 1.
- Scotter, S., Ferres Chambers, 22, Whitefriargate, Hull.
- Shaw, E. B., Imperial Chambers, 43, New Street, Huddersfield.
- Shepherd, J. W., C.B.E., 78, King Street, Manchester.
- Shepherd, W. A., Central Buildings, Tredegar Street, Risca.
- Sievwright, W. B., 3, Kinnoull Street, Perth.
- Simmonds, H. J., 1, Tremadoc Road, Clapham, S.W.4.
- Sinclair, G. N., Prudential Chambers, Bailey Street, Oswestry.
- Singleton, J. T., Grosvenor Chambers, 23, King Street, Nottingham.
- Slater, H., Sussex House, Hobson Street, Cambridge ; Primrose House, High Street, Newmarket ; City Chambers, Market Street, Ely.
- Slater, J. T., 11, Queen Street, Oldham.
- Sleeman, A. W., 10, Northampton Place, Swansea.
- Slipper, R. A., Bridgeway House, Hammersmith Bridge Road, W.6 ; 223, High Street, Hounslow.
- Smith, H., British Dominions House, 30, Cross Street, Manchester, 2.
- Smith, W., 123, London Road, N., Lowestoft.
- Snow, W. Keller, 55, Quarry Street, Guildford ; 17, London Road, Horsham.
- Soddy, R. J., 55, Gildredge Road, Eastbourne.
- Sparrow, G. W., Prudential Chambers, Grey Friars, Leicester.
- Spicer, R. C., 5, Bank Plain, Norwich.
- Stables, H. C., Dale Road, Matlock.
- Stacey, W. H., 2A, Whiting Street, Bury St. Edmunds ; 1A, Lynn Road, Ely.
- Starkie, R. E., Greek Street Chambers, Leeds, 1.
- Stembridge, P. G., Town Hall, Droitwich Spa.
- Stephens, C. T., 20, Westgate Chambers, Newport, Mon.
- Stephenson, J., O.B.E., Queen Street Chambers, Peterborough ; Queen's Chambers, Bargate, Boston ; 3B, Market Place, Spalding ; 22, Castlegate, Newark ; The Broadway, St. Ives, Hunts. ; 5, Red Lion Square, Stamford ; 1, Grays Lane, March ; 30, High Street, Huntingdon ; Park Street, Chatteris ; Barclays Bank Chambers, 81, High Street, Scunthorpe ; 11, Market Chambers, St. Neots ; 13, Market Place, Brigg ; Foresters Hall, Long Sutton, Lincs. ; 4, The Bulwark, Brecon.
- Stewart, L. E., 22, Maresfair, Northampton.
- Storey, R. G., 8, Oxford Chambers, 12, St. Stephen Street, Bristol, 1.
- Sturges, H. H., 1, Guildhall Chambers, 31-34, Basinghall Street, E.C.2.
- Sunderland, W., Craven Bank Chambers, North Street, Keighley.
- Tamplin, J., Westgate Chambers, Newport, Mon.
- Tessier, A. N., 279, Borough High Street, S.E.1.
- Thomas, D. B., Post Office Chambers, Merthyr Tydfil ; Bryn Taf Offices, Treharris ; The Circle, Tredegar.
- Thompson, J. W., 21, Henry Street, Keighley.
- Thomson, J., The Crescent, 115, Drake Street, Rochdale.
- Thomson, R. C., Meadow House, 64, Reform Street, Dundee.
- Thorner, T., 82, Leman Street, E.1.
- Thornley, J. C., Central Chambers, 1, Norfolk Street, King's Lynn ; 30, High Street, Hunstanton.
- Towers, A. C., 15, Guildhall Road, Northampton.
- Townsend, H., 4, The Broadway, Crouch End, N.8.
- Tucker, J. H., 82, Leman Street, E.1.
- Tunbridge, S. T., 6, South Quay, Great Yarmouth.
- Tyler, G. H., Central House, 75, New Street, Birmingham.
- Vizard, L., 2, Clarence Parade, Cheltenham.
- Vizard, L. N., M.C., 2, Clarence Parade, Cheltenham.
- Walker, G. H., 37, Southgate, Halifax.
- Walker, Percy H., 4, Park Place, Cardiff.
- Walker, R. B., 1, Richmond Terrace, Blackburn.
- Walker, W., 36, Park Square, Leeds, 1.
- Wallace, W. D., 48, Loughborough Road, Kirkcaldy.
- Wallis, S. I., 3, King John's Chambers, Bridlesmith Gate, Nottingham.
- Walters, W. L. J., Masonic Chambers, Gillingham, Dorset ; Market Square, Sturminster Newton.
- Walters, W. T., Middle Street, Yeovil.
- Walton, A., Legal and General Building, 7, South Parade, Leeds, 1.
- Walton, N. H., Midland Bank Chambers, Sunderland.
- Ward, A., Martins Bank Chambers, 25, Sunbridge Road, Bradford.
- Wareing, J., 11, Chapel Street, Preston.
- Warmington, W. H., Overbury, Tewkesbury.
- Warren, R., 3, Victoria Place, Haverfordwest ; Star Building, Guildhall Square, Cardigan.
- Watson, A., County Buildings, 4, Cannon Street, Manchester, 3.
- Watson, O. A., 10, Peacock Lane, Leicester.
- Watts, Miss E., 13-14, Dartmouth Street, S.W.1.
- Waud, N., "Melrose House," St. Sampson's Square, York.
- Webb, E., 34, Grand Parade, Brighton.
- Wells, C. H., Independent Buildings, 21, Fargate, Sheffield.
- West, H. W., Bank House, 618, Romford Road, Manor Park, E.12.
- White, A. M., Erskine Chambers, 15, Grainger Street West, Newcastle-on-Tyne.
- White, E. G., Bank Chambers, Lammas Street, Carmarthen.
- White, J. C., 172, Buckingham Palace Road, S.W.1.
- White, P., M.B.E., 6, Sussex Terrace, Princess Square, Plymouth.
- Whiting, W. F., Bridge Buildings, Nene Quay, Wisbech ; Market Place, March ; Church Passage, High Street, Mildenhall, Suffolk.
- Williams, E. Clarke, 65, Oxford Street, Whitstable.
- Williams, E. J., Exchange Buildings, 14, Lowther Street, Carlisle.
- Williams, G. R., 19, Windsor Place, Cardiff.
- Williams, T. E., Marldon Chambers, 30, North John Street, Liverpool, 2.
- Williamson, J. H., Booth Street Chambers, Ashton-under-Lyne.
- Wilson, F. O., British Dominions House, 30, Cross Street, Manchester.
- Wilson, S., Halifax Permanent Chambers, Cavendish Street, Keighley.
- Windle, R. S., Midland Bank Chambers, Barnoldswick.
- Witty, Richard A., 7, Union Court, Old Broad Street, E.C.2.
- Wolstenholme, E. J., Crown Chambers, 36, Yorkshire Street, Rochdale.
- Wood, H., 179, Dock Street, Newport, Mon.
- Woolley, F., 8 and 10, Portland Terrace, Southampton.
- Yates, J., 11, Mill Street, Warrington.
- Yearsley, A., 27, Brazenose Street, Manchester, 2.

## Scottish Notes.

[FROM OUR CORRESPONDENT.]

### Glasgow Students' Society.

A meeting of the Glasgow Incorporated Accountants' Students' Society was held in the Scottish Constitutional Club, Glasgow, on the 15th ult. There was a large attendance. Mr. R. T. Dunlop, F.S.A., President of the Scottish Branch, presided. A paper was read on "A Survey of the Case Law on the Subject of Capital and Revenue Expenditure," by Mr. Wm. M. Wedderspoon, M.A., B.Com., Inspector of Taxes, Edinburgh. We hope to give a fuller report of this paper next month. A very interesting discussion followed, in which many of the students took part. In moving a vote of thanks to the Chairman, Mr. James Paterson, Secretary of the Scottish Branch, referred to the generosity of Mr. W. Davidson Hall, F.S.A., the President of the Students' Society, for his gifts to the Prize Fund; to Mr. Walter MacGregor, F.S.A., Edinburgh, who had given a donation to the Library; and to a young member of the Society, who desired to remain anonymous, who had offered a prize for Intermediate candidates. Reference was also made to the fact that one of the Intermediate candidates who sat at Glasgow in November had taken First Place in the Intermediate examination, while a Scottish student had taken First Place in the Preliminary examination.

### Scottish Thrift.

The annual accounts of the Scottish Trustee Savings Banks have now been published. In practically every instance very substantial increases in the funds have been reported. Glasgow reported an increase of £2,106,737; Edinburgh, £923,501; Dundee, £396,268; and Aberdeen, £617,527. In other towns there have also been large increases in the funds. These figures do not represent the whole story of Scottish thrift, as at a recent meeting of the Scottish Savings Committee it was reported that for the previous three months, Savings Bank deposits amounted to £5,304,121, of which £4,449,011 were deposits in Trustee Savings Banks and £855,110 in the Post Office Savings Bank.

### An Aberdeen Lawyer's Recollections.

A very interesting book of legal reminiscences was published last year, entitled the "Recollections of an Old Lawyer." The author is Mr. Lachlan MacKinnon, M.A., D.L., an octogenarian Advocate in Aberdeen. To Aberdonians at home and abroad the narrative of the changes in the granite city in the lifetime of the author will be of much interest. To other readers interested in sports—especially angling, the chapter on that subject will be both interesting and instructive. His description of fishing on the Dee and the Don are of interest to Scottish anglers, but his description of Hampshire and of fishing on the Silver Test will find a warm echo in the hearts of all anglers.

### Examinations Examined.

The recent issue of a book on "An Examination of Examinations," by Sir Philip Hartog, and Dr. E. C. Rhodes, representing the substance of the English Committee's report to the International Conference on Examinations, has provided sport for the Philistines, and consolation to the man who "was never good at exams." It is interesting to quote from an article by an examiner in a Scottish newspaper as an index to another side of the question: "When I triumphantly tie the red tape round several hundred papers, I am always tortured by the question whether if I were to

do it again I should arrive at the same results. This grave doubt drives me back to add here and there half a mark to one question and take half a mark off another. In the end I usually take comfort in the reflection that even if, as a result of further painful wrestling, I might alter here and there the order of the candidates, a still greater variation would without doubt have resulted if the candidates had been asked an entirely different set of ten commandments."

## Notes on Legal Cases.

### COMPANY LAW.

#### In re Hector Whaling, Limited.

*Notice of Special Resolution.*

Bennett (J.) held that the provisions of sect. 117 of the Companies Act, 1929, requiring twenty-one days' notice of intention to propose a special resolution means twenty-one clear days' exclusive of the day of service and the day of the meeting.

(Ch. : (1935) L.J.N., 418.)

#### Eyre v. Milton Proprietary, Limited.

*Retirement of Directors.*

Article 85 of the Articles of Association of a company provided that one-third of the directors were to retire annually, but were eligible for re-election, and continued: "The directors to retire in the year 1925 shall be determined by ballot. In every subsequent year the directors to retire shall be those who have been longest in office, and when two or more of such directors shall have served for an equal period, then their retirement shall be determined by ballot."

It was held by the Court of Appeal that the word "ballot" was capable of meaning either a decision by secret vote or by lot. That question ought to be decided on the true construction of the particular Articles of Association as a whole. In 1908 the word "ballot" used since the Companies Act, 1862, in Table A, was altered by substituting "lot" for "ballot." In Article 85, the word "ballot" must be construed to mean "lot," otherwise if, on a poll, votes were equally divided, no provision had been made for a casting vote.

(C.A. : (1936) L.T.N., 9.)

### EXECUTORSHIP LAW AND TRUSTS.

#### In re Hodgson : Nowell v. Flannery.

*Gift of Money.*

A testatrix, whose estate consisted of cash at a bank or in her own possession and certain National Savings Certificates and War Stock, bequeathed "my money" to named beneficiaries.

It was held that the National Savings Certificates and War Stock did not pass under the bequest.

(Ch. : (1935) 52 T.L.R., 88.)

#### In re J. Finn.

*Signature by Thumb Mark.*

A testator who was illiterate and unable to write, asked a clergyman to prepare his will. The clergyman smeared the testator's thumb with ink and the testator pressed that thumb on the space usually reserved for the signature. In so doing, his thumb slipped, with the result that the mark was smudged. The mark was duly attested.

It was held that the mark constituted a valid signature within the Wills Act, 1837, but the method adopted did not commend itself to the Court.

(P. : (1935) L.J.N., 456.)